

December 2024

AAIM Payroll Tax & Fringe Benefit Update

Lists & Tables

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2024 Annual Payroll Tax & Fringe Benefits Update

Table of Contents

2025 Payroll Calendar

Income Threshold Amounts & Tables

- Wage Thresholds 2024 v 2025
- Income Tax Tables 2024
- Income Tax Tables 2025
- Earned Income Tax Credit 2024 v 2025
- Saver's Credit Tables 2024 v 2025

Hot Topics

- Multistate Taxation – State Withholding List
- Paycards – State Direct Deposit Listing

IRS Guidance

- Publication 15_Circular E_2024

Fringe Benefits

- Fringe Benefits Summary
- Public 15b_Circular E_2024

Forms & Instructions

- Form I9
- Instructions for Form I9
- Form W4
- Form W9
- Form 941_2024
- Form 941, Schedule B_2024
- Instructions for Form 941
- Form 941-X_2024



2024 Annual Payroll Tax & Fringe Benefits Update

Table of Contents

Forms & Instructions (cont'd)

- Instructions for Form 941-X
- Form 940_2023 (2024 version not available at this point)
- Instructions for Form 940_DRAFT
- Form W2_2024
- Form W3_2024
- Instructions for Form W-2 and W-3
- Form 1099-MISC
- Form 1099-NEC
- Instructions for Forms 1099-MISC and 1099-NEC
- Form 1096_2024
- Instructions for Form 1096

Website Resources for Payroll Professionals



2025 Calendar

Jan 1 New Year's Day
Jan 20 Birthday of Martin Luther King Jr.
Inauguration Day
Jan 15 Deposit December employment taxes (if monthly depositor)
Jan 31 File Form 941 for Q4 or Form 944 for the year (if applicable)
File Form 940
Deposit FUTA tax
Reconcile Forms 941 to Forms W2/ W3
Furnish Forms W2 to employees and Forms 1099-NEC or 1099-MISC to payees
Submit Forms W-2s and Form W-3 to the SSA
Submit Forms 1099-NEC and Form 1096 to the IRS

Feb 15 Obtain new Form W4 for exempt employees
Feb 17 Presidents' Day
Feb 18 Deposit January employment taxes (if monthly depositor)
Feb 28 Send paper Forms 1099-MISC and Form 1096 to the IRS

Mar 17 Deposit February employment taxes (if monthly depositor)
Mar 31 Submit electronic Forms 1099-MISC and Form 1096 to the IRS

Apr 15 Deposit March employment taxes (if monthly depositor)
Apr 16 District of Columbia Emancipation Day
Apr 30 File Form 941 for Q1
Deposit FUTA tax (if total is over \$500)

May 15 Deposit April employment taxes (if monthly depositor)
May 26 Memorial Day

Jun 16 Deposit May employment taxes (if monthly depositor)
Jun 19 Juneteenth National Independence Day

Jul 4 Independence Day
Jul 15 Deposit June employment taxes (if monthly depositor)
Jul 31 File Form 941 for Q2
Deposit FUTA tax (if total is over \$500)

Aug 15 Deposit July employment taxes (if monthly depositor)

Sep 1 Labor Day
Sep 15 Deposit August employment taxes (if monthly depositor)

Oct 13 Columbus Day
Oct 15 Deposit September employment taxes (if monthly depositor)
Oct 31 File Form 941 for Q3
Deposit FUTA tax (if total is over \$500)

Nov 11 Veterans Day
Nov 17 Deposit October employment taxes (if monthly depositor)
Nov 27 Thanksgiving Day

Dec 15 Deposit December employment taxes (if monthly depositor)
Dec 25 Christmas Day

Semiweekly scheduled depositors have at least 3 business days following the close of the pay period to make a deposit

IF the payday falls on a...	THEN deposit taxes by the following...
Wednesday, Thursday, and/or Friday	Wednesday
Saturday, Sunday, Monday, and/or Tuesday	Friday



2024**2025****WAGE BASE THRESHOLDS & TAX RATES**

Social Security Wage Base	\$ 168,600	\$ 176,100
SS Tax Rate	6.20% (EE & ER)	6.20% (EE & ER)
Medicare Wage Base	No Limit	No Limit
Medicare Tax Rate	1.45% (EE & ER)	1.45% (EE & ER)
Additional Medicare Tax Base	\$ 200,000	\$ 200,000
Additional Medicare Tax Rate	0.9% (EE only)	0.9% (EE only)
Federal Unemployment Wage Base	\$ 7,000	\$ 7,000
FUTA Rate	0.6%	0.6%

RETIREMENT PLANS

401(k)	\$ 23,000	\$ 23,500
401(k) catch-up (> age 50)	\$ 7,500	\$ 7,500
401(k) catch-up (60-63)		\$ 11,250
Simple IRA	\$ 16,000	\$ 16,500
Simple IRA catch-up (> age 50)	\$ 3,500	\$ 3,500
Simple IRA catch-up (60 - 63)		\$ 5,250
Traditional IRA	\$ 7,000	\$ 7,000
IRA catch-up (> age 50)	\$ 1,000	\$ 1,000

STATE RATES

IL State Unemployment Wage Base	\$ 13,590	\$ 13,909	* expected
IL SUTA Rate (Max)	8.65%	8.35%	* expected
IL SUTA Rate (Min)	0.85%	0.85%	
MO State Unemployment Wage Base	\$ 10,000	\$ 9,500	
MO SUTA Rate (Max)	5.40%	5.40%	
MO SUTA Rate (Min)	0.0%	0.0%	
IN State Unemployment Wage Base	\$ 9,500	\$ 9,500	
IN SUTA Rate (Max)	7.4%	7.4%	
IN SUTA Rate (Min)	0.5%	0.5%	
FL State Unemployment Wage Base	\$ 7,000	\$ 7,000	
FL SUTA Rate (Max)	5.4%	5.4%	
FL SUTA Rate (Min)	0.1%	10.0%	
Minimum Wage (IL)	\$14.00	\$15.00	
... Under 18	\$12.00	\$13.00	
... Tipped	\$8.40	\$9.00	
Minimum Wage (MO)	\$12.30	\$13.75	
... Tipped	\$6.15	\$6.88	
Minimum Wage (IN)	\$7.25	\$7.25	
... Tipped	\$2.13	\$2.13	
Minimum Wage (FL)	\$13.00 *	\$14.00 **	* Effective 09/30/2024
... Tipped	\$9.98 *	\$10.98 **	** Effective 09/30/2025

Income Tax Tables 2024

Tax Rate	For Single Filers
10%	\$0 to \$11,600
12%	\$11,600 to \$47,150
22%	\$47,150 to \$100,525
24%	\$100,525 to \$191,950
32%	\$191,950 to \$243,725
35%	\$243,725 to \$609,350
37%	\$609,350 or more

Tax Rate	For Married Individuals Filing Joint Returns
10%	\$0 to \$23,200
12%	\$23,200 to \$94,300
22%	\$94,300 to \$201,050
24%	\$201,050 to \$383,900
32%	\$383,900 to \$487,450
35%	\$487,450 to \$731,200
37%	\$731,200 or more

Tax Rate	For Heads of Households
10%	\$0 to \$16,550
12%	\$16,550 to \$63,100
22%	\$63,100 to \$100,500
24%	\$100,500 to \$191,950
32%	\$191,950 to \$243,700
35%	\$243,700 to \$609,350
37%	\$609,350 or more

2023 Standard Deduction

Filing Status	Deduction Amount
Single	\$14,600
Married Filing Jointly	\$29,200
Head of Household	\$21,900

Tables from <https://taxfoundation.org/data/all/federal/2024-tax-brackets/>

Income Tax Tables 2025

Tax Rate	For Single Filers
10%	\$0 to \$11,925
12%	\$11,925 to \$48,475
22%	\$48,475 to \$103,350
24%	\$103,350 to \$197,300
32%	\$197,300 to \$250,525
35%	\$250,525 to \$626,350
37%	\$626,350 or more

Tax Rate	For Married Individuals Filing Joint Returns
10%	\$0 to \$23,850
12%	\$23,850 to \$96,950
22%	\$96,950 to \$206,700
24%	\$206,700 to \$394,600
32%	\$394,600 to \$501,050
35%	\$501,050 to \$751,600
37%	\$751,600 or more

Tax Rate	For Heads of Households
10%	\$0 to \$17,000
12%	\$17,000 to \$64,850
22%	\$64,850 to \$103,350
24%	\$103,350 to \$197,300
32%	\$197,300 to \$250,500
35%	\$250,500 to \$626,350
37%	\$626,350 or more

2025 Standard Deduction

Filing Status	Deduction Amount
Single	\$15,000
Married Filing Jointly	\$30,000
Head of Household	\$22,500

Tables from <https://taxfoundation.org/2025-tax-brackets/>

2024 Earned Income Tax Credit (EITC) Parameters

Filing Status		No Children	One Child	Two Children	Three or More Children
Single or Head of Household	Income at Max Credit	\$8,260	\$12,390	\$17,400	\$17,400
	Maximum Credit	\$632	\$4,213	\$6,960	\$7,830
	Phaseout Begins	\$10,330	\$22,720	\$22,720	\$22,720
	Phaseout Ends (Credit Equals Zero)	\$18,591	\$49,084	\$55,768	\$59,899
Married Filing Jointly	Income at Max Credit	\$8,260	\$12,390	\$17,400	\$17,400
	Maximum Credit	\$632	\$4,213	\$6,960	\$7,830
	Phaseout Begins	\$17,250	\$29,640	\$6,960	\$7,830
	Phaseout Ends (Credit Equals Zero)	\$25,511	\$56,004	\$62,688	\$66,819

Source: Internal Revenue Service. Tables from <https://taxfoundation.org/2024-tax-brackets/>

2025 Earned Income Tax Credit (EITC) Parameters

Filing Status		No Children	One Child	Two Children	Three or More Children
Single or Head of Household	Income at Max Credit	\$8,490	\$12,730	\$17,880	\$17,880
	Maximum Credit	\$649	\$4,328	\$7,152	\$8,046
	Phaseout Begins	\$10,620	\$23,350	\$23,350	\$23,350
	Phaseout Ends (Credit Equals Zero)	\$19,104	\$50,434	\$57,310	\$61,555
Married Filing Jointly	Income at Max Credit	\$8,490	\$12,730	\$17,880	\$17,880
	Maximum Credit	\$649	\$4,328	\$7,152	\$8,046
	Phaseout Begins	\$17,730	\$30,470	\$30,470	\$30,470
	Phaseout Ends (Credit Equals Zero)	\$26,214	\$57,554	\$64,430	\$68,675

2024 Saver's Credit

Credit Rate	For Single Filers	For Head of Household	For Married Filing Jointly
50% of your contribution	AGI not more than \$23,000	AGI not more than \$34,500	AGI not more than \$46,000
20% of your contribution	\$23,000 - \$25,000	\$34,500 - \$37,500	\$46,000 - \$50,000
10% of your contribution	\$25,001 - \$38,250	\$37,501 - \$57,375	\$50,001 - \$76,500
0% of your contribution	more than \$38,250	more than \$57,375	more than \$76,500

2025 Saver's Credit

Credit Rate	For Single Filers	For Head of Household	For Married Filing Jointly
50% of your contribution	AGI not more than \$23,750	AGI not more than \$35,625	AGI not more than \$47,500
20% of your contribution	\$23,751 - \$25,500	\$35,626 - \$38,250	\$47,501 - \$51,000
10% of your contribution	\$25,551 - \$39,500	\$38,251 - \$59,250	\$51,000 - \$79,000
0% of your contribution	more than \$39,500	more than \$59,250	more than \$79,000

Multistate Taxation - State Withholding List

State	State Income Tax	When is withholding required	"Convenience of the Employer" Rule in Place?	Reciprocity Agreements in place	
Alabama	Yes	No thresholds based on work days in the state, wages paid, income received, or other criteria.			
Alaska	No				
Arizona	Yes	Withholding required if performing services in the state for 60 or more days during the calendar year.		The employee is a nonresident of Arizona that works in the state and is a resident of California, Indiana, Oregon, or Virginia.	Form WEC Withholding Exemption Certificate
Arkansas	Yes	No thresholds			
California	Yes	Withholding required if more than \$1,500 of income paid during the calendar year			
Colorado	Yes	No thresholds			
Connecticut	Yes	Withholding required if performing personal services in the state for more than 15 days during the tax year			
Delaware	Yes	No thresholds	Yes		
District of Columbia	No	No thresholds		For employees whose permanent resident is not in DC for the tax year and the employee does not reside in DC for 183 days or more in the tax year.	Form D-4A Certificate of Nonresidence in the District of Columbia
Florida	No				
Georgia	Yes	Withholding required if employed in the state for more than 23 calendar days during a quarter and compensation exceeds the smaller of: 5% of the income received for performing services in all places during the tax year; or \$5,000.			
Hawaii	Yes	Withholding required if performing services in the state for more than 60 days during the calendar year.			
Idaho	Yes	Withholding required if performing services in the state for compensation of \$1,000 or more during the calendar year.			

Multistate Taxation - State Withholding List

State	State Income Tax	When is withholding required	"Convenience of the Employer" Rule in Place?	Reciprocity Agreements in place	
Illinois	Yes	Withholding required if performing services in the state for more than 30 working days during the tax year.		The employee is a nonresident of Illinois that works in the state and is a resident of Iowa, Kentucky, Michigan, or Wisconsin.	Form IL-W-F-NR Employee's Statement of Nonresidence in Illinois
Indiana	Yes	No thresholds		The employee is a nonresident of Indiana that works in the state and is a resident of Kentucky, Michigan, Ohio, Pennsylvania, or Wisconsin.	Form WH-47 Certificate of Residence
Iowa	Yes	No thresholds		The employee is a nonresident of Iowa that works in the state and is a resident of Illinois..	Form 44-016, Employee's Statement of Nonresidence in Iowa
Kansas	Yes	No thresholds			
Kentucky	Yes	No thresholds		The employee is a nonresident of Kentucky that works in the state and is a resident of Illinois, Indiana, Michigan, West Virginia, Wisconsin, or Ohio.	Form 42A804 (K-4),Kentucky's Withholding Certificate
Louisiana	Yes	Withholding required if performing employment duties in the state for more than 25 days during the calendar year.			
Maine	Yes	Withholding required if performing services in the state for more than 12 days or earn more than \$3,000.			
Maryland	Yes	No thresholds		The employee is a nonresident of Maryland (and does not maintain residence for 183 days or more) that works in the state and is a resident of District of Columbia, Pennsylvania, Virginia, or West Virginia.	Form MW507,Employee's Maryland Withholding Exemption Certificate
Massachusetts	Yes	No thresholds			
Michigan	Yes	No thresholds		The employee is a nonresident of Michigan that works in the state and is a resident of Illinois, Indiana, Kentucky, Minnesota, Ohio, or Wisconsin.	Form MI-W4,Employee's Michigan Withholding Exemption Certificate State of Michigan – Department of Treasury
Minnesota	Yes	Withholding required if wages paid expected to exceed the income tax filing threshold for nonresidents (\$13,825 for 2023)		The employee is a nonresident of Minnesota that works in the state and is a resident of Michigan or North Dakota.	Form MWR,No State Income Withholding for Worked In if: Exemption/Affidavit of Residency for Tax Year "202x"
Mississippi	Yes	No thresholds			

Multistate Taxation - State Withholding List

State	State Income Tax	When is withholding required	"Convenience of the Employer" Rule in Place?	Reciprocity Agreements in place	
Missouri	Yes	No thresholds			
Montana	Yes	30-day safe harbor for non-resident employees who travel to Montana to perform work duties. However, this excludes professional athletes, entertainers and persons of prominence who are paid on a per-event basis, construction services and key employees, who are employees earning over \$500,000 annually.		The employee is a nonresident of Montana that works in the state and is a resident of North Dakota.	Form MW-4, Montana's Employee Withholding Allowance and Exemption Certificate.
Nebraska	Yes	No thresholds	Yes		
Nevada	No				
New Hampshire	No	N/A, because state tax applies only to interest and dividend income and withholding not required			
New Jersey	Yes	No thresholds		The employee is a nonresident of New Jersey that works in the state and is a resident of Pennsylvania.	Form NJ-165, Employee's Certificate of Nonresidence in New Jersey.
New Mexico	Yes	Withholding required if performing services in the state for more than 15 days during the calendar year.			
New York	Yes	Withholding required if performing services in the state for more than 14 days during the calendar year.	Yes		
North Carolina	Yes	No thresholds			
North Dakota	Yes	Withhold required if performing employment duties in the state for more than 20 days during the tax year.			
Ohio	Yes	No thresholds		The employee is a nonresident of Ohio that works in the state and is a resident of Indiana, Kentucky, Michigan, Pennsylvania, or West Virginia.	Form IT 4NR, Employee's Statement of Residency in a No State Income Withholding for Worked In if: "State"
Oklahoma	Yes	Withholding required if wages paid for performing services in the state are more than \$300 during a calendar quarter.			

Multistate Taxation - State Withholding List

State	State Income Tax	When is withholding required	"Convenience of the Employer" Rule in Place?	Reciprocity Agreements in place	
Oregon	Yes	Withholding relief provided if an employer can show that wages paid are \$300 or less during the calendar year.			
Pennsylvania	Yes	No thresholds	Yes	The employee is a nonresident of Pennsylvania that works in the state and is a resident of Indiana, Maryland, New Jersey, Ohio, Virginia, or West Virginia. (Reciprocal agreement only applies to the state level and not the local.)	Form REV-419EX, Employee's Nonwithholding Application Certificate.
Rhode Island	Yes	No thresholds			
South Carolina	Yes	Withholding required if wages paid for performing services in the state are more than personal exemption amount. (\$4,610 for 2023)			
South Dakota	No				
Tennessee	No				
Texas	No				
Utah	Yes	20 days before wages are subject to taxation. However, this threshold only applies if the employee's state of residence provides a similar exclusion or has no income tax. The 20-day rule also does not apply to athletes, entertainers or key employees, who are employees earning more than \$130,000 annually or are in the top 50 highest-paid employees of the employer.			
Vermont	Yes	No thresholds			
Virginia	Yes	No thresholds		The employee is a nonresident of Virginia that works in the state and is a resident of District of Columbia, Kentucky, Maryland, Pennsylvania, or West Virginia.	Form VA-4, Employee Withholding Exemption Certificate
Washington	No				

Multistate Taxation - State Withholding List

State	State Income Tax	When is withholding required	"Convenience of the Employer" Rule in Place?	Reciprocity Agreements in place	
West Virginia	Yes	30-day threshold for non-resident employees working in the state, with similar exclusions (i.e., athletes, entertainers and persons of prominence), with the additional requirement that the nonresident individual's state of residence must provide a corresponding 30-day withholding threshold or not impose an individual income tax		The employee is a nonresident of West Virginia that works in the state and is a resident of Kentucky, Maryland, Ohio, Pennsylvania, or Virginia.	Form WV/IT-104, West Virginia Certificate of Nonresidence
Wisconsin	Yes	Withholding required if wages paid for performing services in the state are more than \$1,500 during the calendar year.		The employee is a nonresident of Wisconsin that works in the state and is a resident of Illinois, Indiana, Kentucky, or Michigan.	Form W-220, Nonresident Employee's Withholding
Wyoming	No				

<https://www.wolterskluwer.com/en/expert-insights/whole-ball-of-tax-state-withholding-and-filing-rules-for-nonresident-employees>

State Direct Deposit Listing

State	Can You Make It Mandatory	Covered Employers
Alabama	Private Sector: Yes Sector: No	Public All employers
Alaska	No	All employers
Arizona	Yes	All employers
Arkansas	No	Private and state-government employers
California	No	All employers
Colorado	No	Private employers
Connecticut	No	All employers
Delaware	No	Private employers
District of Columbia	No	Private Employers and Local Governments
Florida	No	All employers
Georgia	No	All employers, excluding those in the agriculture, lumber, and resin industries
Hawaii	No	All employers
Idaho	No	All employers
Illinois	No	All private employers and local entities, excluding state and federal governments.
Indiana	Yes	All employers
Iowa	Yes: Employers are prohibited from mandating direct deposit for employees hired before July 1, 2005. However, for new employees, enrolling in direct deposit may be a requirement of their employment, except if the fees associated with setting up and maintaining the account would result in the employee's wages falling below the minimum wage level.	All employers
Kansas	No	All employers
Kentucky	Yes	All employers
Louisiana	Yes	Public sector, State government
Maine	Yes	All employers
Maryland	No	All employers under various statutes
Massachusetts	Yes	All employers
Michigan	Yes	All employers
Minnesota	Private sector: No Public sector: The Commissioner of Labor and Industry has the authority to mandate direct deposit for all state employees	All employers under various statutes
Mississippi	No regulations regarding direct deposit	All employers
Missouri	No regulations regarding direct deposit	All employers
Montana	No	All employers
Nebraska	No regulations regarding direct deposit	All employers

State Direct Deposit Listing

State	Can You Make It Mandatory	Covered Employers
Nevada	No	All employers
New Hampshire	No	All employers
New Jersey	No	All employers
New Mexico	No	All employers, excluding those employing domestic workers in private residences and those in the livestock and agriculture industries.
New York	No	All employers
North Carolina	Yes	All employers
North Dakota	Yes	All employers
Ohio	No regulations regarding direct deposit	All employers
Oklahoma	Private sector: Yes State government: Yes	All employers, under different circumstances
Oregon	No	All employers
Pennsylvania	No regulations regarding mandatory direct deposit	All employers
Rhode Island	No	All employers
South Carolina	No	All employers
South Dakota	Yes	All employers
Tennessee	Yes	Private employers with at least five employees
Texas	Yes	All employers
Utah	Yes	Private employers, excluding those engaged in agriculture, dairy farming, horticulture, grape growing, or livestock and poultry breeding, as well as those providing domestic household services or employment where a written agreement offers alternate terms.
Vermont	No	All employers
Virginia	No	All employers
Washington	Yes	All employers
West Virginia	State institutions of higher education: Yes Employers under the jurisdiction of the WPCA: No	
Wisconsin	Yes	All employers
Wyoming	No	All employers

<https://www.workforcepayhub.com/direct-deposit-requirements>



Department of the Treasury
Internal Revenue Service

Publication 15

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**(Circular E),
Employer's
Tax Guide**

For use in **2024**



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- [IRS.gov/Spanish](https://www.irs.gov/Spanish) (Español)
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- [IRS.gov/Vietnamese](https://www.irs.gov/Vietnamese) (Tiếng Việt)

Contents

What's New [1](#)

Reminders [2](#)

Calendar [9](#)

Introduction [11](#)

1. Employer Identification Number (EIN) [12](#)

2. Who Are Employees? [12](#)

3. Family Employees [15](#)

4. Employee's Social Security Number (SSN) [15](#)

5. Wages and Other Compensation [17](#)

6. Tips [21](#)

7. Supplemental Wages [22](#)

8. Payroll Period [23](#)

9. Withholding From Employees' Wages [24](#)

10. Required Notice to Employees About the Earned Income Credit (EIC) [29](#)

11. Depositing Taxes [30](#)

12. Filing Form 941, Form 943, Form 944, or Form 945 [36](#)

13. Reporting Adjustments to Forms 941, Form 943, or Form 944 [39](#)

14. Federal Unemployment (FUTA) Tax [42](#)

15. Special Rules for Various Types of Services and Payments [44](#)

16. Third-Party Payer Arrangements [51](#)

17. Federal Agency Certifying Requirements of Federal Income Taxes Withheld From U.S. Government Employees Working in, or Federal Pension Recipients Residing in, American Samoa, the CNMI, and Guam [52](#)

How To Get Tax Help [54](#)

Index [57](#)

Future Developments

For the latest information about developments related to Pub. 15, such as legislation enacted after it was published, go to [IRS.gov/Pub15](https://www.irs.gov/Pub15).

What's New

Pub. 15 is now for all employers. Pub. 15 can now be used by all employers, including agricultural employers and employers in the U.S. territories. Pub. 51, Agricultural

Employer's Tax Guide; Pub. 80, Federal Tax Guide for Employers in the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands; and Pub. 179, Guía Contributiva Federal para Patronos Puertorriqueños, have been discontinued. If you prefer Pub. 15 in Spanish, there is a new Pub. 15 (sp) available for 2024.

Unless otherwise noted, references throughout this publication to Form W-2 include Forms W-2AS, W-2CM, W-2GU, W-2VI, and Form 499R-2/W-2PR; references to Form W-2c include Form 499R-2c/W-2cPR; references to Form W-3 include Form W-3SS and Form W-3PR; and references to Form W-3c include Form W-3C (PR).

Social security and Medicare tax for 2024. The rate of social security tax on taxable wages is 6.2% each for the employer and employee. The social security wage base limit is \$168,600.

The Medicare tax rate is 1.45% each for the employee and employer, unchanged from 2023. There is no wage base limit for Medicare tax.

Social security and Medicare taxes apply to the wages of household workers you pay \$2,700 or more in cash wages in 2024. Social security and Medicare taxes apply to election workers who are paid \$2,300 or more in cash or an equivalent form of compensation in 2024.

The COVID-19 related credit for qualified sick and family leave wages is limited to leave taken after March 31, 2020, and before October 1, 2021, and may no longer be claimed on Form 941. Generally, the credit for qualified sick and family leave wages, as enacted under the Families First Coronavirus Response Act (FFCRA) and amended and extended by the COVID-related Tax Relief Act of 2020, for leave taken after March 31, 2020, and before April 1, 2021, and the credit for qualified sick and family leave wages under sections 3131, 3132, and 3133 of the Internal Revenue Code, as enacted under the American Rescue Plan Act of 2021 (the ARP), for leave taken after March 31, 2021, and before October 1, 2021, have expired. However, employers that pay qualified sick and family leave wages in 2024 for leave taken after March 31, 2020, and before October 1, 2021, are eligible to claim a credit for qualified sick and family leave wages in 2024. Effective for tax periods beginning after December 31, 2023, the lines used to claim the credit for qualified sick and family leave wages have been removed from Form 941, Employer's QUARTERLY Federal Tax Return, because it would be extremely rare for an employer to pay wages in 2024 for qualified sick and family leave taken after March 31, 2020, and before October 1, 2021. Instead, if you're eligible to claim the credit for qualified sick and family leave wages because you paid the wages in 2024 for an earlier applicable leave period, file Form 941-X, Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund, after filing Form 941, to claim the credit for qualified sick and family leave wages paid in 2024. Filing a Form 941-X before filing a Form 941 for the quarter may result in errors or delays in processing your Form 941-X.

New Forms 941 (sp), 943 (sp), and 944 (sp). If you prefer your form and instructions in Spanish, you can file

new Form 941 (sp), new Form 943 (sp), and Form 944 (sp).

Reminders

Qualified small business payroll tax credit for increasing research activities. For tax years beginning before January 1, 2023, a qualified small business may elect to claim up to \$250,000 of its credit for increasing research activities as a payroll tax credit. The Inflation Reduction Act of 2022 (the IRA) increases the election amount to \$500,000 for tax years beginning after December 31, 2022. The payroll tax credit election must be made on or before the due date of the originally filed income tax return (including extensions). The portion of the credit used against payroll taxes is allowed in the first calendar quarter beginning after the date that the qualified small business filed its income tax return. The election and determination of the credit amount that will be used against the employer's payroll taxes are made on Form 6765, Credit for Increasing Research Activities. The amount from Form 6765, line 44, must then be reported on Form 8974, Qualified Small Business Payroll Tax Credit for Increasing Research Activities.

Starting in the first quarter of 2023, the payroll tax credit is first used to reduce the employer share of social security tax up to \$250,000 per quarter and any remaining credit reduces the employer share of Medicare tax for the quarter. Any remaining credit, after reducing the employer share of social security tax and the employer share of Medicare tax, is then carried forward to the next quarter. Form 8974 is used to determine the amount of the credit that can be used in the current quarter. The amount from Form 8974, line 12 or, if applicable, line 17, is reported on Form 941, Form 943, or Form 944. For more information about the payroll tax credit, see [IRS.gov/ResearchPayrollITC](https://www.irs.gov/ResearchPayrollITC). Also see the line 16 instructions in the Instructions for Form 941 (line 17 instructions in the Instructions for Form 943 or line 13 instructions in the Instructions for Form 944) for information on reducing your record of tax liability for this credit.

Disaster tax relief. Disaster tax relief is available for those impacted by disasters. For more information about disaster relief, go to [IRS.gov/DisasterTaxRelief](https://www.irs.gov/DisasterTaxRelief).

Payroll tax credit for certain tax-exempt organizations affected by qualified disasters. Section 303(d) of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 allows for a payroll tax credit for certain tax-exempt organizations affected by certain qualified disasters **not** related to COVID-19. This credit is claimed on Form 5884-D (not on Form 941, Form 943, or Form 944). Form 5884-D is filed after the Form 941 for the quarter, Form 943 for the year, or Form 944 for the year for which the credit is being claimed has been filed. For more information about this credit, go to [IRS.gov/Form5884D](https://www.irs.gov/Form5884D).

2024 withholding tables. The Percentage Method and Wage Bracket Method withholding tables, the employer instructions on how to figure employee withholding, and the amount to add to a nonresident alien employee's wages

for figuring income tax withholding are included in Pub. 15-T, Federal Income Tax Withholding Methods, available at [IRS.gov/Pub15T](https://www.irs.gov/pub/15t).

Moving expense reimbursement. P.L. 115-97 suspends the exclusion for qualified moving expense reimbursements from your employee's income for tax years beginning after 2017 and before 2026. However, the exclusion is still available in the case of a member of the U.S. Armed Forces on active duty who moves because of a permanent change of station due to a military order. The exclusion applies only to reimbursement of moving expenses that the member could deduct if they had paid or incurred them without reimbursement. See *Moving Expenses* in Pub. 3, Armed Forces' Tax Guide, for the definition of what constitutes a permanent change of station and to learn which moving expenses are deductible.

Withholding on supplemental wages. P.L. 115-97 lowered the withholding rates on supplemental wages for tax years beginning after 2017 and before 2026. See [section 7](#) for the withholding rates.

Backup withholding. P.L. 115-97 lowered the backup withholding rate to 24% for tax years beginning after 2017 and before 2026. For more information on backup withholding, see [Backup withholding](#), later.

Certification program for professional employer organizations (PEOs). The Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014 required the IRS to establish a voluntary certification program for PEOs. PEOs handle various payroll administration and tax reporting responsibilities for their business clients and are typically paid a fee based on payroll costs. To become and remain certified under the certification program, certified professional employer organizations (CPEOs) must meet various requirements described in sections 3511 and 7705 and related published guidance. Certification as a CPEO may affect the employment tax liabilities of both the CPEO and its customers. A CPEO is generally treated for employment tax purposes as the employer of any individual who performs services for a customer of the CPEO and is covered by a contract described in section 7705(e)(2) between the CPEO and the customer (CPEO contract), but only for wages and other compensation paid to the individual by the CPEO. To become a CPEO, the organization must apply through the IRS Online Registration System. For more information or to apply to become a CPEO, go to [IRS.gov/CPEO](https://www.irs.gov/CPEO). Also see Revenue Procedure 2023-18, 2023-13 I.R.B. 605, available at [IRS.gov/irb/2023-13_IRB#REV-PROC-2023-18](https://www.irs.gov/irb/2023-13_IRB#REV-PROC-2023-18).

Outsourcing payroll duties. Generally, as an employer, you're responsible to ensure that tax returns are filed and deposits and payments are made, even if you contract with a third party to perform these acts. You remain responsible if the third party fails to perform any required action. Before you choose to outsource any of your payroll and related tax duties (that is, withholding, reporting, and paying over social security, Medicare, FUTA, and income taxes) to a third-party payer, such as a payroll service provider or reporting agent, go to [IRS.gov/OutsourcingPayrollDuties](https://www.irs.gov/OutsourcingPayrollDuties) for helpful information on this topic. If a CPEO pays wages and other compensation to

an individual performing services for you, and the services are covered by a CPEO contract, then the CPEO is generally treated as the employer, but only for wages and other compensation paid to the individual by the CPEO. However, with respect to certain employees covered by a CPEO contract, you may also be treated as an employer of the employees and, consequently, may also be liable for federal employment taxes imposed on wages and other compensation paid by the CPEO to such employees. For more information on the different types of third-party payer arrangements, see [section 16](#).

Aggregate Form 941 or Form 943 filers. Approved section 3504 agents and CPEOs must complete Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers, or Schedule R (Form 943), Allocation Schedule for Aggregate Form 943 Filers, as applicable, when filing an aggregate Form 941 or Form 943. An aggregate quarterly Form 941 or annual Form 943 is filed by an agent approved by the IRS under section 3504 of the Internal Revenue Code. To request approval to act as an agent for an employer, the agent files Form 2678 with the IRS unless you're a state or local government agency acting as an agent under the special procedures provided in Revenue Procedure 2013-39, 2013-52 I.R.B. 830, available at [IRS.gov/irb/2013-52_IRB#RP-2013-39](https://www.irs.gov/irb/2013-52_IRB#RP-2013-39). An aggregate quarterly Form 941 or annual Form 943 is also filed by CPEOs approved by the IRS under section 7705. To become a CPEO, the organization must apply through the IRS Online Registration System at [IRS.gov/CPEO](https://www.irs.gov/CPEO). CPEOs file Form 8973, Certified Professional Employer Organization/Customer Reporting Agreement, to notify the IRS that they've started or ended a service contract with a client or customer. CPEOs must generally file Form 941 or Form 943 and the applicable Schedule R electronically. For more information about a CPEO's requirement to file electronically, see [Revenue Procedure 2023-18](#).

Other third-party payers that file an aggregate quarterly Form 941 or annual Form 943, such as non-certified PEOs, must complete and file the applicable Schedule R if they have clients that are claiming any employment tax credit (for example, the qualified small business payroll tax credit for increasing research activities).

Aggregate Form 940 filers. Approved section 3504 agents and CPEOs must complete Schedule R (Form 940), Allocation Schedule for Aggregate Form 940 Filers, when filing an aggregate Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return. Aggregate Forms 940 can be filed by agents acting on behalf of home care service recipients who receive home care services through a program administered by a federal, state, or local government. To request approval to act as an agent on behalf of home care service recipients, the agent files Form 2678 with the IRS unless you're a state or local government agency acting as an agent under the special procedures provided in [Revenue Procedure 2013-39](#). Aggregate Forms 940 are also filed by CPEOs approved by the IRS under section 7705. CPEOs file Form 8973 to notify the IRS that they've started or ended a service contract with a client or customer. CPEOs must generally file Form 940 and Schedule R (Form 940)

electronically. For more information about a CPEO's requirement to file electronically, see [Revenue Procedure 2023-18](#).

Work opportunity tax credit for qualified tax-exempt organizations hiring qualified veterans. Qualified tax-exempt organizations that hire eligible unemployed veterans may be able to claim the work opportunity tax credit against their payroll tax liability using Form 5884-C. For more information, go to [IRS.gov/WOTC](#).

Medicaid waiver payments. Notice 2014-7 provides that certain Medicaid waiver payments are excludable from income for federal income tax purposes. See Notice 2014-7, 2014-4 I.R.B. 445, available at [IRS.gov/irb/2014-04_IRB#NOT-2014-7](#). For more information, including questions and answers related to Notice 2014-7, go to [IRS.gov/MedicaidWaiverPayments](#).

No federal income tax withholding on disability payments for injuries incurred as a direct result of a terrorist attack directed against the United States. Disability payments for injuries incurred as a direct result of a terrorist attack directed against the United States (or its allies) aren't included in income. Because federal income tax withholding is only required when a payment is includible in income, no federal income tax should be withheld from these payments. See Pub. 907, Tax Highlights for Persons With Disabilities; and Pub. 3920, Tax Relief for Victims of Terrorist Attacks.

Voluntary withholding on dividends and other distributions by an Alaska Native Corporation (ANC). A shareholder of an ANC may request voluntary income tax withholding on dividends and other distributions paid by an ANC. A shareholder may request voluntary withholding by giving the ANC a completed Form W-4V. For more information, see Notice 2013-77, 2013-50 I.R.B. 632, available at [IRS.gov/irb/2013-50_IRB#NOT-2013-77](#).

Definition of marriage. A marriage of two individuals is recognized for federal tax purposes if the marriage is recognized by the state or territory of the United States in which the marriage is entered into, regardless of legal residence. Two individuals who enter into a relationship that is denominated as marriage under the laws of a foreign jurisdiction are recognized as married for federal tax purposes if the relationship would be recognized as marriage under the laws of at least one state or territory of the United States, regardless of legal residence. Individuals who have entered into a registered domestic partnership, civil union, or other similar relationship that isn't denominated as a marriage under the law of the state or territory of the United States where such relationship was entered into aren't lawfully married for federal tax purposes, regardless of legal residence.

Differential wage payments. Qualified differential wage payments made by employers to individuals serving in the U.S. Armed Forces are subject to income tax withholding but not social security, Medicare, or FUTA tax. See [section 5](#) for more information.

Severance payments. Severance payments are wages subject to social security and Medicare taxes, income tax withholding, and FUTA tax.

You must receive written notice from the IRS to file Form 944. If you've been filing quarterly Forms 941 and believe your employment taxes for the calendar year will be \$1,000 or less, and you would like to file an annual Form 944 instead of quarterly Forms 941, you must contact the IRS during the first calendar quarter of the tax year to request to file Form 944. You must receive written notice from the IRS to file Form 944 instead of quarterly Forms 941 before you may file this form. For more information on requesting to file Form 944, including the methods and deadlines for making a request, see the Instructions for Form 944.

Employers can request to file quarterly Forms 941 instead of an annual Form 944. If you received notice from the IRS to file Form 944 but would like to file quarterly Forms 941 instead, you must contact the IRS during the first calendar quarter of the tax year to request to file quarterly Forms 941. You must receive written notice from the IRS to file quarterly Forms 941 instead of Form 944 before you may file these forms. For more information on requesting to file quarterly Forms 941, including the methods and deadlines for making a request, see the Instructions for Form 944.

Correcting Form 941, Form 943, or Form 944. If you discover an error on a previously filed Form 941, make the correction using Form 941-X. If you discover an error on a previously filed Form 943, make the correction using Form 943-X. If you discover an error on a previously filed Form 944, make the correction using Form 944-X. Forms 941-X, 943-X, and 944-X are filed separately from Forms 941, 943, and 944. Forms 941-X, 943-X, and 944-X are used by employers to claim refunds or abatement of employment taxes, rather than Form 843. See [section 13](#) for more information.

Zero wage return. If you haven't filed a "final" Form 940 and "final" Form 941, Form 943, or Form 944, or aren't a "seasonal" employer (Form 941 only), you must continue to file a Form 940 and Forms 941, Form 943, or Form 944, even for periods during which you paid no wages. The IRS encourages you to file your "zero wage" Form 940 and Form 941, Form 943, or Form 944 electronically. Go to [IRS.gov/EmploymentEfile](#) for more information on electronic filing.

Federal tax deposits must be made by electronic funds transfer (EFT). You must use EFT to make all federal tax deposits. Generally, an EFT is made using the Electronic Federal Tax Payment System (EFTPS). If you don't want to use EFTPS, you can arrange for your tax professional, financial institution, payroll service, or other trusted third party to make electronic deposits on your behalf. Also, you may arrange for your financial institution to initiate a same-day wire payment on your behalf. EFTPS is a free service provided by the Department of the Treasury. Services provided by your tax professional, financial institution, payroll service, or other third party may have a fee.

For more information on making federal tax deposits, see [How To Deposit](#) in section 11. To get more information about EFTPS or to enroll in EFTPS, go to [EFTPS.gov](#) or call 800-555-4477, 800-244-4829 (Spanish), or 303-967-5916 (toll call). To contact EFTPS using

Telecommunications Relay Services (TRS) for people who are deaf, hard of hearing, or have a speech disability, dial 711 and then provide the TRS assistant the 800-555-4477 number or 800-733-4829. Additional information about EFTPS is also available in Pub. 966.

Residents of the Philippines working in the Commonwealth of the Northern Mariana Islands (CNMI). Employers must withhold and pay social security and Medicare taxes on wages and other compensation paid to residents of the Philippines who don't hold an H-2 status for services performed as employees in the CNMI unless those workers are eligible for exemption from social security and Medicare taxes under an exception listed in [section 15](#). For more information, see Announcement 2012-43, 2012-51 I.R.B. 723, available at [IRS.gov/irb/2012-51_IRB#ANN-2012-43](#).

Federal employers in the CNMI. The U.S. Treasury Department and the CNMI Division of Revenue and Taxation entered into an agreement under 5 U.S.C. section 5517 in December 2006. Under this agreement, all federal employers (including the Department of Defense) are required to withhold CNMI income taxes (rather than federal income taxes) and deposit the CNMI taxes with the CNMI Treasury for employees who are subject to CNMI taxes and whose regular place of federal employment is in the CNMI. For more information, including details on completing Form W-2, go to [IRS.gov/5517Agreements](#). Federal employers are also required to file quarterly and annual reports with the CNMI Division of Revenue and Taxation. For questions, contact the CNMI Division of Revenue and Taxation.

Pub. 5146 explains employment tax examinations and appeal rights. Pub. 5146 provides employers with information on how the IRS selects employment tax returns to be examined, what happens during an exam, and what options an employer has in responding to the results of an exam, including how to appeal the results. Pub. 5146 also includes information on worker classification issues and tip exams.

Electronic Filing and Payment

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, the IRS offers you convenient and secure programs to make filing and payment easier.

Spend less time worrying about taxes and more time running your business. Use *e-file* and EFTPS to your benefit.

- For *e-file*, go to [IRS.gov/EmploymentEfile](#) for additional information. A fee may be charged to file electronically.
- For EFTPS, go to [EFTPS.gov](#) or call EFTPS Customer Service at 800-555-4477, 800-244-4829 (Spanish), or 303-967-5916 (toll call). To contact EFTPS using TRS for people who are deaf, hard of hearing, or have a speech disability, dial 711 and then provide the TRS assistant the 800-555-4477 number or 800-733-4829.

- For electronic filing of Forms W-2, Wage and Tax Statement, including Forms W-2AS, W-2CM, W-2GU, and W-2VI, and Forms 499R-2/W-2PR, go to [SSA.gov/employer](#). You may be required to file Forms W-2 electronically. For details, see the General Instructions for Forms W-2 and W-3. If you experience problems filing electronically, contact the Social Security Administration (SSA) at 800-772-6270. To speak with the SSA's Regional Employer Services Liaison Officer, go to the SSA's Regional Employer Services Liaison Officers website at [SSA.gov/employer/wage_reporting_specialists.htm](#). The Regional Employer Services Liaison Officers are available to provide assistance with all questions about the SSA's payroll reporting processes and applications. Employers in the CNMI should contact their local tax department for instructions on completing Form W-2CM. You can get Form W-2CM and its instructions by going to [Finance.gov.mp/forms.php](#), or by calling 670-664-1000.



If you're filing your tax return or paying your federal taxes electronically, a valid employer identification number (EIN) is required at the time the return is filed or the payment is made. If a valid EIN isn't provided, the return or payment won't be processed. This may result in penalties. See [section 1](#) for information about applying for an EIN.

Electronic funds withdrawal (EFW). If you file your employment tax return electronically, you can *e-file* and use EFW to pay the balance due in a single step using tax preparation software or through a tax professional. However, don't use EFW to make federal tax deposits. For more information on paying your taxes using EFW, go to [IRS.gov/EFW](#).

Credit or debit card payments. You can pay the balance due shown on your employment tax return by credit or debit card. Your payment will be processed by a payment processor who will charge a processing fee. Don't use a credit or debit card to make federal tax deposits. For more information on paying your taxes with a credit or debit card, go to [IRS.gov/PayByCard](#).

Online payment agreement. You may be eligible to apply for an installment agreement online if you can't pay the full amount of tax you owe when you file your employment tax return. For more information, see the instructions for your employment tax return or go to [IRS.gov/OPA](#).

Forms in Spanish

Many forms and instructions discussed in this publication have Spanish-language versions available for employers and employees. Some examples include Form 941 (sp), Form 944 (sp), Form SS-4 (sp), Form W-4 (sp), and Form W-9 (sp). Although this publication doesn't reference Spanish-language forms and instructions in each instance that one is available, you can see Pub. 15 (sp) and go to IRS.gov to determine if a Spanish-language version is available.

Hiring New Employees

Eligibility for employment. You must verify that each new employee is legally eligible to work in the United States, including American Samoa, Guam, the CNMI, the U.S. Virgin Islands (USVI), and Puerto Rico. This includes completing the U.S. Citizenship and Immigration Services (USCIS) Form I-9, Employment Eligibility Verification. You can get Form I-9 at [USCIS.gov/Forms](https://uscis.gov/forms). For more information, go to the USCIS website at [USCIS.gov/I-9-Central](https://uscis.gov/I-9-Central), or call 800-375-5283 or 800-767-1833 (TTY).

You may use the Social Security Number Verification Service (SSNVS) at [SSA.gov/employer/ssnv.htm](https://ssa.gov/employer/ssnv.htm) to verify that an employee name matches an SSN. A person may have a valid SSN but not be authorized to work in the United States. You may use E-Verify at [E-Verify.gov](https://e-verify.gov) to confirm the employment eligibility of newly hired employees.

New hire reporting. All 50 states, and most of the territories, have a new hire registry. You're required to report any new employee to a designated state new hire registry. A new employee is an employee who hasn't previously been employed by you or was previously employed by you but has been separated from such prior employment for at least 60 consecutive days.

Many states accept a copy of Form W-4 with employer information added. Go to the Office of Child Support Enforcement website at acf.hhs.gov/programs/css/employers for more information. Employers in American Samoa, Guam, the CNMI, the USVI, and Puerto Rico should contact their local government for information on their new hire registry.

W-4 request. Ask each new employee to complete the 2024 Form W-4. See [section 9](#).

Name and social security number (SSN). Record each new employee's name and SSN from their social security card if it is available. If an employee can't provide their social security card, you should verify their SSN and their eligibility for employment as discussed under [Verification of SSNs](#). Any employee without a social security card should apply for one. See [section 4](#).

Information Returns

You must file Forms W-2 to report wages paid to employees. You may also be required to file information returns to report certain types of payments made during the year. For example, you must file Form 1099-NEC, Nonemployee Compensation, to report payments of \$600 or more to persons not treated as employees (for example, independent contractors) for services performed for your trade or business. For details about filing Forms 1099 and for information about required electronic filing, see the General Instructions for Certain Information Returns for general information, and the separate, specific instructions for each information return you file (for example, the Instructions for Forms 1099-MISC and 1099-NEC). Generally, don't use Forms 1099 to report wages and other compensation you paid to employees;

report these on Form W-2. See the General Instructions for Forms W-2 and W-3 for details about filing Form W-2 and for information about required electronic filing.

Technical Services Operation (TSO). The IRS operates the TSO to answer questions about reporting on Forms W-2, W-3, and 1099, and other information returns. If you have questions related to reporting on information returns, call 866-455-7438 (toll free) or 304-263-8700 (toll call). The center can also be reached by email at mccirp@irs.gov. Don't include taxpayer identification numbers (TINs) or attachments in email because email isn't secure.

Federal Income Tax Withholding



References to federal income tax withholding don't apply to employers in American Samoa, Guam, the CNMI, the USVI, and Puerto Rico, unless you have employees who are subject to U.S. income tax withholding. Contact your local tax department for information about income tax withholding.

Withhold federal income tax from each wage payment or supplemental unemployment compensation plan benefit payment according to the employee's Form W-4 and the correct withholding table in Pub. 15-T. Farm operators and crew leaders must withhold federal income tax from the wages of farmworkers if the wages are subject to social security and Medicare taxes. If you're paying supplemental wages to an employee, see [section 7](#). If you have nonresident alien employees, see [Withholding federal income taxes on the wages of nonresident alien employees](#) in section 9.

See section 8 of Pub. 15-A, Employer's Supplemental Tax Guide, for information about withholding on pensions (including distributions from tax-favored retirement plans), annuities, and individual retirement arrangements (IRAs).

Nonpayroll Income Tax Withholding

Nonpayroll federal income tax withholding (reported on Forms 1099 and Form W-2G, Certain Gambling Winnings) must be reported on Form 945, Annual Return of Withheld Federal Income Tax. Separate deposits are required for payroll (Form 941, Form 943, or Form 944) and nonpayroll (Form 945) withholding. Nonpayroll items include the following.

- Pensions (including distributions from tax-favored retirement plans, for example, section 401(k), section 403(b), and governmental section 457(b) plans), annuities, and IRA distributions.
- Military retirement.
- Gambling winnings.

Employer Responsibilities

The following list provides a brief summary of your basic responsibilities. Because the individual circumstances for each employer can vary greatly, responsibilities for withholding, depositing, and reporting employment taxes can differ. Each item in this list has a page reference to a more detailed discussion in this publication.

New Employees:	Page	Annually (see Calendar for due dates):	Page
<input type="checkbox"/> Verify work eligibility of new employees	6	<input type="checkbox"/> File Form 944 if required (pay tax with return if not required to deposit)	36
<input type="checkbox"/> Record employees' names and SSNs from social security cards	6	<input type="checkbox"/> Remind employees to submit a new Form W-4 if they need to change their withholding	24
<input type="checkbox"/> Ask employees for Form W-4	6	<input type="checkbox"/> Ask for a new Form W-4 from employees claiming exemption from income tax withholding	25
Each Payday:		<input type="checkbox"/> Reconcile Forms 941 (Form 943 or Form 944) with Forms W-2 and W-3	38
<input type="checkbox"/> Withhold federal income tax based on each employee's Form W-4	24	<input type="checkbox"/> Furnish each employee a Form W-2	10
<input type="checkbox"/> Withhold employee's share of social security and Medicare taxes	27	<input type="checkbox"/> File Copy A of Forms W-2 and the transmittal Form W-3 with the SSA	10
<input type="checkbox"/> Deposit:		<input type="checkbox"/> Furnish each payee a Form 1099 (for example, Form 1099-NEC)	10
• Withheld income tax,		<input type="checkbox"/> File Forms 1099 and the transmittal Form 1096	10
• Withheld and employer social security taxes, and		<input type="checkbox"/> File Form 940	10
• Withheld and employer Medicare taxes	30	<input type="checkbox"/> File Form 945 for any nonpayroll income tax withholding	10
Note. Due date of deposit generally depends on your deposit schedule (monthly or semiweekly).			
Quarterly (By April 30, July 31, October 31, and January 31):			
<input type="checkbox"/> Deposit FUTA tax if undeposited amount is over \$500	43		
<input type="checkbox"/> File Form 941 (pay tax with return if not required to deposit)	36		

- Indian gaming profits.
- Certain government payments on which the recipient elected voluntary income tax withholding.
- Dividends and other distributions by an ANC on which the recipient elected voluntary income tax withholding.
- Payments subject to backup withholding.

For details on depositing and reporting nonpayroll income tax withholding, see the Instructions for Form 945.

Distributions from nonqualified pension plans and deferred compensation plans. Because distributions to participants from some nonqualified pension plans and deferred compensation plans (including section 457(b) plans of tax-exempt organizations) are treated as wages and are reported on Form W-2, income tax withheld must be reported on Form 941, Form 943, or Form 944, not on Form 945. However, distributions from such plans to a beneficiary or estate of a deceased employee aren't wages and are reported on Forms 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.; income tax withheld must be reported on Form 945.

Backup withholding. You must generally withhold 24% of certain taxable payments if the payee fails to furnish you with their correct TIN. This withholding is referred to as "backup withholding."

Payments subject to backup withholding include interest, dividends, patronage dividends, rents, royalties,

commissions, nonemployee compensation, payments made in settlement of payment card or third-party network transactions, and certain other payments you make in the course of your trade or business. In addition, transactions by brokers and barter exchanges and certain payments made by fishing boat operators are subject to backup withholding.



Backup withholding doesn't apply to wages, pensions, annuities, IRAs (including simplified employee pension (SEP) and SIMPLE retirement plans), section 404(k) distributions from an employee stock ownership plan (ESOP), medical savings accounts (MSAs), health savings accounts (HSAs), long-term-care benefits, or real estate transactions.

You can use Form W-9 to request payees to furnish a TIN. Form W-9 must be used when payees must certify that the number furnished is correct, or when payees must certify that they're not subject to backup withholding or are exempt from backup withholding. The Instructions for the Requester of Form W-9 include a list of types of payees who are exempt from backup withholding. For more information, see Pub. 1281, Backup Withholding for Missing and Incorrect Name/TIN(s).

Recordkeeping

Keep all records of employment taxes for at least 4 years. These should be available for IRS review. Your records should include the following information.

- Your EIN.
- Amounts and dates of all wage, annuity, and pension payments.
- Amounts of tips reported to you by your employees.
- Records of allocated tips.
- The fair market value (FMV) of in-kind wages paid.
- Names, addresses, SSNs, and occupations of employees and recipients.
- Any employee copies of Forms W-2 and W-2c returned to you as undeliverable.
- Dates of employment for each employee.
- Periods for which employees and recipients were paid while absent due to sickness or injury and the amount and weekly rate of payments you or third-party payers made to them.
- Copies of employees' and recipients' income tax withholding certificates (Forms W-4, W-4P, W-4R, W-4S, and W-4V).
- Dates and amounts of tax deposits you made and acknowledgment numbers for deposits made by EFTPS.
- Copies of returns filed and confirmation numbers.
- Records of fringe benefits and expense reimbursements provided to your employees, including substantiation.
- Documentation to substantiate any credits claimed. Records related to qualified sick leave wages and qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021, and records related to qualified wages for the employee retention credit paid after June 30, 2021, should be kept for at least 6 years. For more information on substantiation requirements, go to [IRS.gov/PLC](https://www.irs.gov/PLC) and [IRS.gov/ERC](https://www.irs.gov/ERC).
- Documentation to substantiate the amount of any employer or employee share of social security tax that you deferred and paid for 2020.

If a crew leader furnished you with farmworkers, you must keep a record of the name, permanent mailing address, and EIN of the crew leader. If the crew leader has no permanent mailing address, record their present address.

Change of Business Name

Notify the IRS immediately if you change your business name. Write to the IRS office where you file your returns,

using the *Without a payment* address provided in the instructions for your employment tax return, to notify the IRS of any business name change. See Pub. 1635 to see if you need to apply for a new EIN.

Change of Business Address or Responsible Party

Notify the IRS immediately if you change your business address or responsible party. Complete and mail Form 8822-B to notify the IRS of a business address or responsible party change. For a definition of “responsible party,” see the Instructions for Form SS-4.

Filing Addresses

Generally, your filing address for Form 940, 941, 943, 944, 945, or CT-1 depends on the location of your residence or principal place of business and whether or not you're including a payment with your return. There are separate filing addresses for these returns if you're a tax-exempt organization or government entity. See the separate instructions for Form 940, 941, 943, 944, 945, or CT-1 for the filing addresses.

Private Delivery Services (PDSs)

You can use certain PDSs designated by the IRS to meet the “timely mailing as timely filing” rule for tax returns. Go to [IRS.gov/PDS](https://www.irs.gov/PDS) for the current list of PDSs.

The PDS can tell you how to get written proof of the mailing date.

For the IRS mailing address to use if you're using a PDS, go to [IRS.gov/PDSstreetAddresses](https://www.irs.gov/PDSstreetAddresses). Select the mailing address listed on the webpage that is in the same state as the address to which you would mail returns filed without a payment, as shown in the instructions for your employment tax return.



PDSs can't deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address.

Dishonored Payments

Any form of payment that is dishonored and returned from a financial institution is subject to a penalty. The penalty is \$25 or 2% of the payment, whichever is more. However, the penalty on dishonored payments of \$24.99 or less is an amount equal to the payment. For example, a dishonored payment of \$18 is charged a penalty of \$18.

E-News for Payroll Professionals

The IRS has a subscription-based email service for payroll professionals. Subscribers will receive periodic updates from the IRS. The updates may include information regarding recent legislative changes affecting federal payroll reporting, IRS news releases and special announcements pertaining to the payroll industry, new employment tax procedures, and other information specifically affecting federal payroll tax returns. To subscribe, go to [IRS.gov/Newsroom/E-News-Subscriptions](https://www.irs.gov/Newsroom/E-News-Subscriptions).

Telephone Help

Tax questions. You can call the IRS Business and Specialty Tax Line with your employment tax questions at 800-829-4933.

Help for people with disabilities. You may call 800-829-4059 (TDD/TTY for persons who are deaf, hard of hearing, or have a speech disability) with any employment tax questions. You may also use this number for assistance with unresolved tax problems.

Additional information. Go to [IRS.gov/EmploymentTaxes](https://www.irs.gov/EmploymentTaxes) for additional employment tax information. For general tax information relevant to agricultural employers, go to [IRS.gov/AgricultureTaxCenter](https://www.irs.gov/AgricultureTaxCenter). For information about employer responsibilities under the Affordable Care Act, go to [IRS.gov/ACA](https://www.irs.gov/ACA). For information about COVID-19 tax relief, go to [IRS.gov/Coronavirus](https://www.irs.gov/Coronavirus).

Ordering Employer Tax Forms, Instructions, and Publications

You can view, download, or print most of the forms, instructions, and publications you may need at [IRS.gov/Forms](https://www.irs.gov/Forms). Otherwise, you can go to [IRS.gov/OrderForms](https://www.irs.gov/OrderForms) to place an order and have them mailed to you. The IRS will process your order as soon as possible. Don't resubmit requests you've already sent us. You can get forms, instructions, and publications faster online.

Instead of ordering paper Forms W-2 and W-3, consider filing them electronically using the SSA's free *e-file* service. Go to the SSA's Employer W-2 Filing Instructions & Information webpage at [SSA.gov/employer](https://www.ssa.gov/employer) to register for Business Services Online (BSO). You'll be able to create Forms W-2 online and submit them to the SSA by typing your wage information into easy-to-use fill-in fields. In addition, you can print out completed copies of Forms W-2 to file with state or local governments, distribute to your employees, and keep for your records. Form W-3 will be created for you based on your Forms W-2.

The SSA's BSO is an independent program from the Government of Puerto Rico electronic filing system.

Employers in Puerto Rico must visit [Hacienda.gobierno.pr](https://www.hacienda.gobierno.pr) for additional information.

Photographs of Missing Children

The IRS is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](https://www.nccmec.org). Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Calendar

The following is a list of important dates and responsibilities. The dates listed here haven't been adjusted for Saturdays, Sundays, and legal holidays (see the [TIP](#) next). Pub. 509, Tax Calendars (for use in 2024), adjusts the dates for Saturdays, Sundays, and legal holidays. See [section 11](#) for information about depositing taxes reported on Forms 941, 943, 944, and 945. See [section 14](#) for information about depositing FUTA tax. Due dates for forms required for health coverage reporting aren't listed here. For these dates, see Pub. 509.

TIP *If any date shown next for filing a return, furnishing a form, or depositing taxes falls on a Saturday, Sunday, or legal holiday, the due date is the next business day. The term "legal holiday" means any legal holiday in the District of Columbia. A statewide legal holiday delays a filing due date only if the IRS office where you're required to file is located in that state. However, a statewide legal holiday doesn't delay the due date of federal tax deposits. See [Deposits Due on Business Days Only](#) in section 11. For any filing due date, you'll meet the "file" or "furnish" requirement if the envelope containing the return or form is properly addressed, contains sufficient postage, and is postmarked by the U.S. Postal Service on or before the due date, or sent by an IRS-designated PDS on or before the due date. See [Private Delivery Services \(PDSs\)](#) under Reminders, earlier, for more information.*

Fiscal year taxpayers. The due dates listed next apply whether you use a calendar or a fiscal year.

By January 31

File Form 941 or Form 944. File Form 941 for the fourth quarter of the previous calendar year and deposit any undeposited income, social security, and Medicare taxes. You may pay these taxes with Form 941 if your total tax liability for the quarter (Form 941, line 12) is less than \$2,500. File Form 944 for the previous calendar year instead of Form 941 if the IRS has notified you in writing to file Form 944. Pay any undeposited income, social security, and Medicare taxes with your Form 944.

You may pay these taxes with Form 944 if your total tax liability for the year (Form 944, line 9) is less than \$2,500. For additional rules on when you can pay your taxes with your return, see [Payment with return](#) in section 11. If you timely deposited all taxes when due, you may file by February 10.

File Form 943. Agricultural employers file Form 943 for the previous calendar year and deposit any undeposited income, social security, and Medicare taxes. You may pay these taxes with Form 943 if your total tax liability for the year (Form 943, line 13) is less than \$2,500. If you timely deposited all taxes when due, you may file by February 10.

File Form 945. File Form 945 to report any nonpayroll federal income tax withheld. If you deposited all taxes when due, you may file by February 10. See [Nonpayroll Income Tax Withholding](#) under *Reminders*, earlier, for more information.

File Form 940. File Form 940 to report any FUTA tax. However, if you deposited all of the FUTA tax when due, you may file by February 10. See [section 14](#) for more information on FUTA tax.

Furnish Forms 1099 and W-2. Furnish each employee a completed 2023 Form W-2. Furnish a 2023 Form 1099-NEC to payees for nonemployee compensation. Most Forms 1099 must be furnished to payees by January 31, but some can be furnished by February 15. For more information, see the *Guide to Information Returns* chart in the General Instructions for Certain Information Returns.

File Form W-2. File with the SSA Copy A of all 2023 paper and electronic Forms W-2 with Form W-3, Transmittal of Wage and Tax Statements. Forms W-2AS, W-2CM, W-2GU, and W-2VI are filed with Form W-3SS. Forms 499R-2/W-2PR are filed with Form W-3PR. For more information on reporting Form W-2 information to the SSA electronically, go to the SSA's Employer W-2 Filing Instructions & Information webpage at [SSA.gov/employer](#). If filing electronically, via the SSA's Form W-2 Online service, the SSA will generate Form W-3 data from the electronic submission of Form(s) W-2.

Send Copy 1 of Forms W-2AS, W-2CM, W-2GU, and W-2VI, and Form W-3SS to your local tax department at the address shown on Form W-3SS. For more information on Copy 1, contact your local tax department. Employers in the CNMI should contact their local tax department for instructions on how to file Copy 1. For additional information on how to file Forms 499R-2/W-2PR with the Puerto Rico Department of Treasury, go to [Hacienda.gobierno.pr](#) or call 787-622-0123.

File Form 1099-NEC reporting nonemployee compensation. File with the IRS Copy A of all 2023 paper and electronic Forms 1099-NEC. Paper forms must be filed with Form 1096, Annual Summary and Transmittal of U.S. Information Returns. For information on filing information returns electronically with the IRS, see Pub.

1220, Specifications for Electronic Filing of Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G.

By February 15

Request a new Form W-4 from exempt employees.

Ask for a new Form W-4 from each employee who claimed exemption from income tax withholding last year.

On February 16

Forms W-4 claiming exemption from withholding expire.

Any Form W-4 claiming exemption from withholding for the previous year has now expired. Begin withholding for any employee who previously claimed exemption from withholding but hasn't given you a new Form W-4 for the current year. If the employee doesn't give you a new Form W-4, withhold tax as if they had checked the box for Single or Married filing separately in Step 1(c) and made no entries in Step 2, Step 3, or Step 4 of the 2024 Form W-4. See [section 9](#) for more information. If the employee gives you a new Form W-4 claiming exemption from withholding after February 15, you may apply the exemption to future wages, but don't refund taxes withheld while the exempt status wasn't in place.

By February 28

File paper 2023 Forms 1099 and 1096. File Copy A of all paper 2023 Forms 1099, except Forms 1099-NEC, with Form 1096 with the IRS. For electronically filed returns, see [By March 31](#), later.

By February 29

File paper Form 8027. File paper Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips, with the IRS. See [section 6](#). For electronically filed returns, see [By March 31](#) next.

By March 31

File electronic 2023 Forms 1099 and 8027. File electronic 2023 Forms 1099, except Forms 1099-NEC, with the IRS. Also file electronic Form 8027 with the IRS. For information on filing information returns electronically with the IRS, see Pub. 1220 and Pub. 1239, Specifications for Electronic Filing of Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips.

By April 30, July 31, October 31, and January 31

Deposit FUTA taxes. Deposit FUTA tax for the quarter (including any amount carried over from other quarters) if over \$500. If \$500 or less, carry it over to the next quarter. See [section 14](#) for more information.

File Form 941. File Form 941 and deposit any undeposited income, social security, and Medicare taxes. You may pay these taxes with Form 941 if your total tax liability for the quarter (Form 941, line 12) is less than \$2,500. If you timely deposited all taxes when due, you may file by May 10, August 10, November 10, or February 10, respectively. Don't file Form 941 for these quarters if you have been notified to file Form 944 and you didn't request and receive written notice from the IRS to file quarterly Forms 941.

Before December 1

New Forms W-4. Remind employees to submit a new Form W-4 if their filing status, other income, deductions, or credits have changed or will change for the next year. Also remind employees to submit a new Form W-4 if they made a mid-year change to their Form W-4 based on their use of the IRS Tax Withholding Estimator available at [IRS.gov/W4App](https://www.irs.gov/W4App). Employees that made a mid-year change may be underwithheld or overwithheld once their Form W-4 is applied to the next full calendar year.

Introduction

This publication explains your tax responsibilities as an employer, including agricultural employers and employers whose principal place of business is in American Samoa, Guam, the CNMI, the USVI, or Puerto Rico. It explains the requirements for withholding, depositing, reporting, paying, and correcting employment taxes. It explains the forms you must give to your employees, those your employees must give to you, and those you must send to the IRS and the SSA. References to "income tax" in this guide apply only to federal income tax. Contact your state or local tax department to determine their rules. Whenever the term "United States" is used in this publication, it includes American Samoa, Guam, the CNMI, the USVI, and Puerto Rico, unless otherwise noted.

When you pay your employees, you don't pay them all the money they earned. As their employer, you have the added responsibility of withholding taxes from their paychecks. The federal income tax and employees' share of social security and Medicare taxes that you withhold from your employees' paychecks are part of their wages that you pay to the U.S. Treasury instead of to your employees. Your employees trust that you pay the withheld taxes to the U.S. Treasury by making federal tax deposits. This is the reason that these withheld taxes are called trust fund taxes. If federal income, social security, or Medicare taxes that must be withheld aren't withheld or aren't deposited or paid to the U.S. Treasury, the trust fund recovery penalty may apply. See [section 11](#) for more information.

This publication also provides employers, including employers in the USVI and Puerto Rico, with a summary of their responsibilities in connection with the tax under the Federal Unemployment Tax Act, known as FUTA tax. See [section 14](#) for more information.

Additional employment tax information is available in Pubs. 15-A, 15-B, and 15-T. Pub. 15-A includes specialized information supplementing the basic employment tax information provided in this publication. Pub. 15-B, *Employer's Tax Guide to Fringe Benefits*, contains information about the employment tax treatment and valuation of various types of noncash compensation. Pub. 15-T includes the federal income tax withholding tables and instructions on how to use the tables.

Most employers must withhold (except FUTA), deposit, report, and pay the following employment taxes.

- Income tax.
- Social security tax.
- Medicare tax.
- FUTA tax.

There are exceptions to these requirements. See [section 15](#) for guidance. Railroad retirement taxes are explained in the Instructions for Form CT-1.

Comments and suggestions. We welcome your comments about this publication and suggestions for future editions.

You can send us comments through [IRS.gov/FormComments](https://www.irs.gov/FormComments).

Or, you can write to:

Internal Revenue Service
Tax Forms and Publications
1111 Constitution Ave. NW, IR-6526
Washington, DC 20224

Although we can't respond individually to each comment received, we do appreciate your feedback and will consider your comments and suggestions as we revise our tax forms, instructions, and publications. **Don't** send tax questions, tax returns, or payments to the above address.

Getting answers to your tax questions. If you have a tax question not answered by this publication, check [IRS.gov](https://www.irs.gov) and [How To Get Tax Help](#) at the end of this publication.

Getting tax forms, instructions, and publications. Go to [IRS.gov/Forms](https://www.irs.gov/Forms) to download current and prior-year forms, instructions, and publications.

Ordering tax forms, instructions, and publications. Go to [IRS.gov/OrderForms](https://www.irs.gov/OrderForms) to order current forms, instructions, and publications; call 800-829-3676 to order prior-year forms and instructions. The IRS will process your order for forms and publications as soon as possible. **Don't** resubmit requests you've already sent us. You can get forms and publications faster online.

Federal government employers. The information in this publication, including the rules for making federal tax deposits, applies to federal agencies.

State and local government employers. Payments to employees for services in the employ of state and local

government employers are generally subject to federal income tax withholding but not FUTA tax. Most elected and appointed public officials of state or local governments are employees under common-law rules. See chapter 3 of Pub. 963, Federal-State Reference Guide. In addition, wages, with certain exceptions, are subject to social security and Medicare taxes. See [section 15](#) for more information on the exceptions.

If an election worker is employed in another capacity with the same government entity, see Revenue Ruling 2000-6 on page 512 of Internal Revenue Bulletin 2000-6 at [IRS.gov/pub/irs-irbs/irb00-06.pdf](https://www.irs.gov/pub/irs-irbs/irb00-06.pdf).

You can get information on reporting and social security coverage from your local IRS office. If you have any questions about coverage under a section 218 (Social Security Act) agreement, contact the appropriate state official. To find your State Social Security Administrator, go to the National Conference of State Social Security Administrators website at [NCSSSA.org](https://www.ncsssa.org).

Indian tribal governments. See Pub. 4268 for employment tax information for Indian tribal governments.

Disregarded entities and qualified subchapter S subsidiaries (QSubs). Eligible single-owner disregarded entities and QSubs are treated as separate entities for employment tax purposes. Eligible single-member entities must report and pay employment taxes on wages paid to their employees using the entities' own names and EINs. See Regulations sections 1.1361-4(a)(7) and 301.7701-2(c)(2)(iv).

Useful Items

You may want to see:

Publication

- 15-A** Employer's Supplemental Tax Guide
- 15-B** Employer's Tax Guide to Fringe Benefits
- 15-T** Federal Income Tax Withholding Methods
- 225** Farmer's Tax Guide
- 535** Business Expenses
- 583** Starting a Business and Keeping Records
- 1635** Employer Identification Number: Understanding Your EIN

1. Employer Identification Number (EIN)

If you're required to report employment taxes or give tax statements to employees or annuitants, you need an EIN.

The EIN is a nine-digit number the IRS issues. The digits are arranged as follows: 00-0000000. It is used to identify the tax accounts of employers and certain others who have no employees. Use your EIN on all of the items you send to the IRS and the SSA. For more information, see Pub. 1635.

If you don't have an EIN, you may apply for one online by going to [IRS.gov/EIN](https://www.irs.gov/EIN). You may also apply for an EIN by faxing or mailing Form SS-4 to the IRS. If the principal business was created or organized outside of the United States or U.S. territories, you may also apply for an EIN by calling 267-941-1099 (toll call). Don't use an SSN in place of an EIN.

You should have only one EIN. If you have more than one and aren't sure which one to use, call 800-829-4933 or 800-829-4059 (TDD/TTY for persons who are deaf, hard of hearing, or have a speech disability). Give the numbers you have, the name and address to which each was assigned, and the address of your main place of business. The IRS will tell you which number to use. For more information, see Pub. 1635.

If you took over another employer's business (see [Successor employer](#) in section 9), don't use that employer's EIN. If you've applied for an EIN but don't have your EIN by the time a return is due, file a paper return and enter "Applied For" and the date you applied for it in the space shown for the number.



Always be sure the EIN on the form you file exactly matches the EIN the IRS assigned to your business. Don't use your SSN or individual taxpayer identification number (ITIN) on forms that ask for an EIN. If you used an EIN (including a prior owner's EIN) on Form 941, Form 943, or Form 944, that is different from the EIN reported on Form W-3, see Box h—Other EIN used this year in the General Instructions for Forms W-2 and W-3. On Form W-3PR for Puerto Rico, "Other EIN used this year" is reported in box f. The name and EIN on Form 945 must match the name and EIN on your information returns where federal income tax withholding is reported (for example, backup withholding reported on Form 1099-NEC). Filing a Form 945 with an incorrect EIN or using another business's EIN may result in penalties and delays in processing your return.

Agricultural employers that have crew leaders. An agricultural employer must record the crew leader's name, address, and EIN. See sections [2](#) and [14](#).

2. Who Are Employees?

Generally, employees are defined either under common law or under statutes for certain situations. See Pub. 15-A for details on statutory employees and nonemployees.

Employee status under common law. Generally, a worker who performs services for you is your employee if you have the right to control what will be done and how it will be done. This is so even when you give the employee freedom of action. What matters is that you have the right to control the details of how the services are performed. See Pub. 15-A for more information on how to determine whether an individual providing services is an independent contractor or an employee.

Generally, people in business for themselves aren't employees. For example, doctors, lawyers, veterinarians, and

others in an independent trade in which they offer their services to the public are usually not employees. If the business is incorporated, corporate officers who work in the business are employees of the corporation.

If an employer-employee relationship exists, it doesn't matter what it is called. The employee may be called an agent or independent contractor. It also doesn't matter how payments are measured or paid, what they're called, or if the employee works full or part time.

Statutory employees. If someone who works for you isn't an employee under the common-law rules discussed earlier, don't withhold federal income tax from their pay, unless backup withholding applies. Although the following persons may not be common-law employees, they're considered employees by statute for social security and Medicare tax purposes if the conditions under [Tests](#), later, are met.

a. An agent or commission driver who delivers meat, vegetable, fruit, or bakery products; beverages (other than milk); laundry; or dry cleaning for someone else.

b. A full-time life insurance salesperson who sells primarily for one company.

c. A homemaker who works at home or off premises by the guidelines of the person for whom the work is done, with materials or goods furnished by and returned to that person or to someone that person designates.

d. A traveling or city salesperson (other than an agent or commission driver) who works full time (except for sideline sales activities) for one firm or person getting orders from customers. The orders must be for merchandise for resale or supplies for use in the customer's business. The customers must be retailers, wholesalers, contractors, or operators of hotels, restaurants, or other businesses dealing with food or lodging.

Tests. Withhold social security and Medicare taxes from statutory employees' wages if all three of the following tests apply.

1. The service contract states or implies that almost all of the services are to be performed personally by them.
2. They have little or no investment in the equipment and property used to perform the services (other than an investment in transportation facilities).
3. The services are performed on a continuing basis for the same payer.

Persons in *a* or *d*, earlier, are also employees for FUTA tax purposes if tests 1 through 3 are met.

Pub. 15-A gives examples of the employer-employee relationship.

Statutory nonemployees. Direct sellers, qualified real estate agents, and certain companion sitters are, by law, considered nonemployees. They're generally treated as self-employed for all federal tax purposes, including in-

come and employment taxes. See Pub. 15-A for more information.

Farmworkers. In general, you're an employer of farmworkers if your employees:

- Raise or harvest agricultural or horticultural products on your farm (including the raising and feeding of livestock);
- Work in connection with the operation, management, conservation, improvement, or maintenance of your farm and its tools and equipment, if the major part of such service is performed on a farm;
- Provide services relating to salvaging timber, or clearing land of brush and other debris, left by a hurricane (also known as hurricane labor), if the major part of such service is performed on a farm;
- Handle, process, or package any agricultural or horticultural commodity in its unmanufactured state if you produced over half of the commodity (for a group of up to 20 unincorporated operators, all of the commodity); or
- Do work for you related to cotton ginning, turpentine, gum resin products, or the operation and maintenance of irrigation facilities.

For this purpose, the term "farm" includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, as well as plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.

Farmwork doesn't include reselling activities that don't involve any substantial activity of raising agricultural or horticultural commodities, such as a retail store or a greenhouse used primarily for display or storage. It also doesn't include processing services which change a commodity from its raw or natural state, or services performed after a commodity has been changed from its raw or natural state.

Crew leaders. If you're a crew leader, you're an employer of farmworkers. A crew leader is a person who furnishes and pays (either on their own behalf or on behalf of the farm operator) workers to do farmwork for the farm operator. If there is no written agreement between you and the farm operator stating that you're their employee and if you pay the workers (either for yourself or for the farm operator), then you're a crew leader. For FUTA tax rules, see [section 14](#).

If you're a crew leader, you're not considered the employee of the farm operator for services you perform in furnishing farmworkers and as a member of the crew.

H-2A agricultural workers. On Form W-2, don't check box 13 (Statutory employee), as H-2A workers aren't statutory employees.

Treating employees as nonemployees. You'll generally be liable for social security and Medicare taxes and withheld income tax if you don't deduct and withhold these taxes because you treated an employee as a nonemployee. You may be able to figure your liability using

special section 3509 rates for the employee share of social security and Medicare taxes and federal income tax withholding. The applicable rates depend on whether you filed required Forms 1099. You can't recover the employee share of social security tax, Medicare tax, or income tax withholding from the employee if the tax is paid under section 3509. You're liable for the income tax withholding regardless of whether the employee paid income tax on the wages. You continue to owe the full employer share of social security and Medicare taxes. The employee remains liable for the employee share of social security and Medicare taxes. See section 3509 for details. Also see the Instructions for Form 941-X, the Instructions for Form 943-X, or the Instructions for Form 944-X.

Section 3509 rates aren't available if you intentionally disregard the requirement to withhold taxes from the employee or if you withheld income taxes but not social security or Medicare taxes. Section 3509 isn't available for reclassifying statutory employees. See [Statutory employees](#), earlier in this section.

If the employer issued required information returns, the section 3509 rates are the following.

- For social security taxes: employer rate of 6.2% plus 20% of the employee rate of 6.2%, for a total rate of 7.44% of wages.
- For Medicare taxes: employer rate of 1.45% plus 20% of the employee rate of 1.45%, for a total rate of 1.74% of wages.
- For Additional Medicare Tax: 0.18% (20% of the employee rate of 0.9%) of wages subject to Additional Medicare Tax.
- For federal income tax withholding, the rate is 1.5% of wages.

If the employer didn't issue required information returns, the section 3509 rates are the following.

- For social security taxes: employer rate of 6.2% plus 40% of the employee rate of 6.2%, for a total rate of 8.68% of wages.
- For Medicare taxes: employer rate of 1.45% plus 40% of the employee rate of 1.45%, for a total rate of 2.03% of wages.
- For Additional Medicare Tax: 0.36% (40% of the employee rate of 0.9%) of wages subject to Additional Medicare Tax.
- For federal income tax withholding, the rate is 3.0% of wages.

Relief provisions. If you have a reasonable basis for not treating a worker as an employee, you may be relieved from having to pay employment taxes for that worker. To get this relief, you must file all required federal tax returns, including information returns, on a basis consistent with your treatment of the worker. You (or your predecessor) must not have treated any worker holding a substantially similar position as an employee for any periods beginning after 1977. See Pub. 1976, Do You Qualify for Relief Under Section 530.

IRS help. If you want the IRS to determine whether a worker is an employee, file Form SS-8.

Voluntary Classification Settlement Program (VCSP). Employers who are currently treating their workers (or a class or group of workers) as independent contractors or other nonemployees and want to voluntarily reclassify their workers as employees for future tax periods may be eligible to participate in the VCSP if certain requirements are met. File Form 8952 to apply for the VCSP. For more information, go to [IRS.gov/VCSP](https://www.irs.gov/VCSP).

Business Owned and Operated by Spouses

If you and your spouse jointly own and operate a business and share in the profits and losses, you may be partners in a partnership, whether or not you have a formal partnership agreement. See Pub. 541 for more details. The partnership is considered the employer of any employees, and is liable for any employment taxes due on wages paid to its employees.

Exception—Qualified joint venture. For tax years beginning after 2006, the Small Business and Work Opportunity Tax Act of 2007 (P.L. 110-28) provides that a “qualified joint venture,” whose only members are spouses filing a joint income tax return, can elect not to be treated as a partnership for federal tax purposes. A qualified joint venture conducts a trade or business where:

- The only members of the joint venture are spouses who file a joint income tax return,
- Both spouses materially participate (see *Material participation* in the instructions for Schedule C (Form 1040), line G) in the trade or business (mere joint ownership of property isn't enough),
- Both spouses elect to not be treated as a partnership, and
- The business is co-owned by both spouses and isn't held in the name of a state law entity such as a partnership or limited liability company (LLC).

To make the election, all items of income, gain, loss, deduction, and credit must be divided between the spouses, in accordance with each spouse's interest in the venture, and reported as sole proprietors on a separate Schedule C (Form 1040) or Schedule F (Form 1040). Each spouse must also file a separate Schedule SE (Form 1040) to pay self-employment taxes, as applicable. See the Instructions for Form 1040-SS for American Samoa, Guam, the CNMI, the USVI, and Puerto Rico.

Spouses using the qualified joint venture rules are treated as sole proprietors for federal tax purposes and generally don't need an EIN. If employment taxes are owed by the qualified joint venture, either spouse may report and pay the employment taxes due on the wages paid to the employees using the EIN of that spouse's sole proprietorship. Generally, filing as a qualified joint venture won't increase the spouses' total tax owed on the joint income tax return. However, it gives each spouse credit for social

security earnings on which retirement benefits are based and for Medicare coverage without filing a partnership return.

Note. If your spouse is your employee, not your partner, see [One spouse employed by another](#) in section 3.

For more information on qualified joint ventures, go to [IRS.gov/QJV](https://www.irs.gov/QJV).

Exception—Community income. If you and your spouse wholly own an unincorporated business as community property under the community property laws of a state, foreign country, or U.S. territory, you can treat the business either as a sole proprietorship (of the spouse who carried on the business) or a partnership. You may still make an election to be taxed as a qualified joint venture instead of a partnership. See [Exception—Qualified joint venture](#), earlier in this section.

3. Family Employees

Child employed by parents. Payments for the services of a child under age 18 who works for their parent in a trade or business aren't subject to social security and Medicare taxes if the trade or business is a sole proprietorship or a partnership in which each partner is a parent of the child. If these payments are for work other than in a trade or business, such as domestic work in the parent's private home, they're not subject to social security and Medicare taxes until the child reaches age 21. However, see [Covered services of a child or spouse](#), later. Payments for the services of a child under age 21 who works for their parent, whether or not in a trade or business, aren't subject to FUTA tax. Payments for the services of a child of any age who works for their parent are generally subject to income tax withholding unless the payments are for domestic work in the parent's home, or unless the payments are for work other than in a trade or business and are less than \$50 in the quarter or the child isn't regularly employed to do such work.

One spouse employed by another. The wages for the services of an individual who works for their spouse in a trade or business are subject to income tax withholding and social security and Medicare taxes, but not to FUTA tax. However, the payments for services of one spouse employed by another in other than a trade or business, such as domestic service in a private home, aren't subject to social security, Medicare, and FUTA taxes.

Covered services of a child or spouse. The wages for the services of a child or spouse are subject to income tax withholding as well as social security, Medicare, and FUTA taxes if they work for:

- A corporation, even if it is controlled by the child's parent or the individual's spouse;
- A partnership, even if the child's parent is a partner, unless each partner is a parent of the child;
- A partnership, even if the individual's spouse is a partner; or

- An estate, even if it is the estate of a deceased parent.

In these situations, the child or spouse is considered to work for the corporation, partnership, or estate, not you.

Parent employed by their child. When the employer is a child employing their parent, the following rules apply.

- Payments for the services of a parent in their child's (the employer's) trade or business are subject to income tax withholding and social security and Medicare taxes.
- Payments for the services of a parent not in their child's (the employer's) trade or business are generally not subject to social security and Medicare taxes.



Social security and Medicare taxes do apply to payments made to a parent for domestic services if all of the following apply.

- *The parent is employed by their child (the employer).*
- *The employer has a child or stepchild (including an adopted child) living in the home.*
- *The employer is a surviving spouse, divorced and not remarried, or living with a spouse who, because of a mental or physical condition, can't care for their child or stepchild for at least 4 continuous weeks in the calendar quarter in which the service is performed.*
- *The child or stepchild of the employer is either under age 18 or, due to a mental or physical condition, requires the personal care of an adult for at least 4 continuous weeks in the calendar quarter in which the service is performed.*

Payments made to a parent employed by their child aren't subject to FUTA tax, regardless of the type of services provided.

4. Employee's Social Security Number (SSN)

You're required to get each employee's name and SSN and to enter them on Form W-2. An employee's SSN consists of nine digits arranged as follows: 000-00-0000. This requirement also applies to resident and nonresident alien employees. You should ask your employee to show you their social security card, but the employee isn't required to show the card if it isn't available. However, if an employee can't provide their social security card, you should verify their SSN and their eligibility for employment as discussed later in this section under [Verification of SSNs](#).



Don't accept a social security card that says "Not valid for employment." An SSN issued with this legend doesn't permit employment.

You may, but aren't required to, photocopy the social security card if the employee provides it. If you don't provide the correct employee name and SSN on Form W-2, you may owe a penalty unless you have reasonable cause. See Pub. 1586, Reasonable Cause Regulations &

Requirements for Missing and Incorrect Name/TINs on Information Returns, for information on the requirement to solicit the employee's SSN.



In many cases, a replacement social security card can be applied for online without visiting an SSA office. In some cases, an SSN application can also be started online before visiting an SSA office. For more information, go to [SSA.gov/number-card](https://ssa.gov/number-card).

Applying for a social security card. Any employee who is legally eligible to work in the United States and doesn't have a social security card can get one by completing Form SS-5, Application for a Social Security Card, and submitting the necessary documentation. You can get Form SS-5 from the SSA website at [SSA.gov/forms/ss-5.pdf](https://ssa.gov/forms/ss-5.pdf), at SSA offices, or by calling 800-772-1213 or 800-325-0778 (TTY). The employee must complete and sign Form SS-5; it can't be filed by the employer. You may be asked to supply a letter to accompany Form SS-5 if the employee has exceeded their yearly or lifetime limit for the number of replacement cards allowed.

Where to get and file Form SS-5 in the U.S. territories. Below is a list of the U.S. SSA offices located in the U.S. territories.

American Samoa
Centennial Building 3rd Floor, Suite 302
1 Utulei Rd
Pago Pago, AS 96799

Guam
Suite 155
770 East Sunset Blvd
Barrigada, GU 96913

Commonwealth of the Northern Mariana Islands
MH II Building, Suite 201
Marina Heights Business Park
Saipan, MP 96950

U.S. Virgin Islands
1st Floor, Suite 14
8000 Nisky Shopping CT
St. Thomas, VI 00802

Additional information is available on the Social Security Office Locator page at secure.ssa.gov/ICON. Also go to this website and enter your ZIP Code to find your nearest SSA office in Puerto Rico.

Applying for an SSN. If you file Form W-2 on paper and your employee applied for an SSN but doesn't have one when you must file Form W-2, enter "Applied For" on the form. If you're filing electronically, enter all zeros (000-00-0000 if creating forms online or 000000000 if uploading a file) in the SSN field. When the employee receives the SSN, file Copy A of Form W-2c, Corrected Wage and Tax Statement, with the SSA to show the employee's SSN. Furnish Copies B, C, and 2 of Form W-2c to the employee. Up to 25 Forms W-2c for each Form W-3c,

Transmittal of Corrected Wage and Tax Statements, may be filed per session over the Internet, with no limit on the number of sessions. For more information, go to the SSA's Employer W-2 Filing Instructions & Information webpage at [SSA.gov/employer](https://ssa.gov/employer). Advise your employee to correct the SSN on their original Form W-2.

Correctly record the employee's name and SSN. Record the name and SSN of each employee as they're shown on the employee's social security card. If the employee's name isn't correct as shown on the card (for example, because of marriage or divorce), the employee should request an updated card from the SSA. Continue to report the employee's wages under the old name until the employee shows you the updated social security card with the corrected name.

If the SSA issues the employee an updated card after a name change, or a new card with a different SSN after a change in alien work status, file a Form W-2c to correct the name/SSN reported for the most recently filed Form W-2. It isn't necessary to correct other years if the previous name and number were used for years before the most recent Form W-2.

IRS individual taxpayer identification numbers (ITINs) for aliens. Don't accept an ITIN in place of an SSN for employee identification or for work. An ITIN is only available to resident and nonresident aliens who aren't eligible for U.S. employment and need identification for other tax purposes. You can identify an ITIN because it is a nine-digit number, formatted like an SSN, that starts with the number "9" and has a range of numbers from "50-65," "70-88," "90-92," and "94-99" for the fourth and fifth digits (for example, 9NN-7N-NNNN). For more information about ITINs, see the Instructions for Form W-7 or go to [IRS.gov/ITIN](https://irs.gov/ITIN).



An individual with an ITIN who later becomes eligible to work in the United States must obtain an SSN. If the individual is currently eligible to work in the United States, instruct the individual to apply for an SSN and follow the instructions under [Applying for an SSN](#), earlier in this section. Don't use an ITIN in place of an SSN on Form W-2.

Verification of SSNs. Employers and authorized reporting agents can use the Social Security Number Verification Service (SSNVS) to instantly verify that an employee name matches an SSN for up to 10 names and SSNs (per screen) at a time, or submit an electronic file of up to 250,000 names and SSNs and usually receive the results the next business day. Go to [SSA.gov/employer/ssnv.htm](https://ssa.gov/employer/ssnv.htm) for more information. A person may have a valid SSN but not be authorized to work in the United States. Employers may use E-Verify at [E-Verify.gov](https://e-verify.gov) to confirm the employment eligibility of newly hired employees.

Accessing the SSNVS. The SSA's BSO is used to access the SSNVS. BSO users will need a social security online account. You can use your personal *my Social Security* account that was created before September 18, 2021, or an existing [Login.gov](https://login.gov) credential or [ID.me](https://id.me)

credential. If you don't have a social security online account, a [Login.gov](#) credential, or an [ID.me](#) credential, you'll need to create one. For more information, go to the SSA's website at [SSA.gov/bsa](#).

5. Wages and Other Compensation

Wages subject to federal employment taxes generally include all pay you give to an employee for services performed. The pay may be in cash or in other forms. It includes salaries, vacation allowances, bonuses, commissions, and taxable fringe benefits. It doesn't matter how you measure or make the payments. Amounts an employer pays as a bonus for signing or ratifying a contract in connection with the establishment of an employer-employee relationship and an amount paid to an employee for cancellation of an employment contract and relinquishment of contract rights are wages subject to social security, Medicare, and FUTA taxes and income tax withholding. Also, compensation paid to a former employee for services performed while still employed is wages subject to employment taxes.

Cash wages paid to farmworkers. Cash wages that you pay to employees for farmwork are generally subject to social security tax and Medicare tax. You may also be required to withhold, deposit, and report Additional Medicare Tax. See [section 9](#) for more information. If the wages are subject to social security and Medicare taxes, they're also subject to federal income tax withholding. You're liable for the payment of these taxes to the federal government whether or not you collect them from your employees. If, for example, you withhold less than the correct tax from an employee's wages, you're still liable for the full amount. You may also be liable for FUTA tax, which isn't withheld by you or paid by the employee. FUTA tax is discussed in [section 14](#). Cash wages include checks, money orders, and any kind of money or cash.

More information. See [section 6](#) for a discussion of tips and [section 7](#) for a discussion of supplemental wages. Also, see [section 15](#) for exceptions to the general rules for wages. Pub. 15-A provides additional information on wages, including nonqualified deferred compensation, and other compensation. Pub. 15-B provides information on other forms of compensation, including:

- Accident and health benefits,
- Achievement awards,
- Adoption assistance,
- Athletic facilities,
- De minimis (minimal) benefits,
- Dependent care assistance,
- Educational assistance,
- Employee discounts,
- Employee stock options,

- Employer-provided cell phones,
- Group-term life insurance coverage,
- Health savings accounts,
- Lodging on your business premises,
- Meals,
- No-additional-cost services,
- Retirement planning services,
- Transportation (commuting) benefits,
- Tuition reduction, and
- Working condition benefits.

Noncash wages, including commodity wages, paid to farmworkers. Noncash wages include food, lodging, clothing, transportation passes, farm products, or other goods or commodities. Noncash wages paid to farmworkers, including commodity wages, aren't subject to social security taxes, Medicare taxes, or federal income tax withholding. However, you and your employee can agree to have federal income tax withheld on noncash wages.

Noncash wages, including commodity wages, are treated as cash wages if the substance of the transaction is a cash payment. Noncash wages treated as cash wages are subject to social security taxes, Medicare taxes, and federal income tax withholding.

Report the value of noncash wages in box 1 of Form W-2 (box 7 of Form 499R-2/W-2PR) together with cash wages. Noncash wages for farmwork are subject to federal income tax unless a specific exclusion applies. Don't show noncash wages in box 3 or 5 of Form W-2 (box 20 or 22 of Form 499R-2/W-2PR), unless the substance of the transaction is a cash payment and they're being treated as cash wages.

Share farmers. You don't have to withhold or pay social security and Medicare taxes on amounts paid to share farmers under share-farming arrangements.

A "share farmer" working for you isn't your employee. However, the share farmer may be subject to self-employment tax. In general, share farming is an arrangement in which certain commodity products are shared between the farmer and the owner (or tenant) of the land. For details, see Regulations section 31.3121(b)(16)-1.

Compensation paid to H-2A visa holders. Report compensation of \$600 or more paid to foreign agricultural workers who entered the country on H-2A visas in box 1 of Form W-2 (box 7 of Form 499R-2/W-2PR) but don't report it as social security wages (box 3 of Form W-2 or box 20 of Form 499R-2/W-2PR) or Medicare wages (box 5 of Form W-2 or box 22 of Form 499R-2/W-2PR) on Form W-2 because compensation paid to H-2A workers for agricultural labor performed in connection with this visa isn't subject to social security and Medicare taxes. On Form W-2, don't check box 13 (Statutory employee), as H-2A workers aren't statutory employees.

An employer isn't required to withhold federal income tax from compensation paid to an H-2A worker for agricultural labor performed in connection with this visa but may

withhold if the worker asks for withholding and the employer agrees. In that case, the worker must give the employer a completed Form W-4. Federal income tax withheld should be reported in box 2 of Form W-2.

These reporting rules apply when the H-2A worker provides their TIN to the employer. If the H-2A worker doesn't provide a TIN and the total annual wages to the H-2A worker are at least \$600, the employer is required to backup withhold. See the Instructions for Forms 1099-MISC and 1099-NEC and the Instructions for Form 945.

For more information on foreign agricultural workers on H-2A visas, go to [IRS.gov/H2A](https://www.irs.gov/H2A).

Employee business expense reimbursements. A reimbursement or allowance arrangement is a system by which you pay the advances, reimbursements, and charges for your employees' business expenses. How you report a reimbursement or allowance amount depends on whether you have an accountable or a nonaccountable plan. If a single payment includes both wages and an expense reimbursement, you must specify the amount of the reimbursement.

These rules apply to all allowable ordinary and necessary employee business expenses.

Accountable plan. To be an accountable plan, your reimbursement or allowance arrangement must require your employees to meet all three of the following rules.

1. They must have paid or incurred allowable expenses while performing services as your employees. The reimbursement or advance must be payment for the expenses and must not be an amount that would have otherwise been paid to the employee as wages.
2. They must substantiate these expenses to you within a reasonable period of time.
3. They must return any amounts in excess of substantiated expenses within a reasonable period of time.

Amounts paid under an accountable plan aren't wages and aren't subject to income, social security, Medicare, and FUTA taxes.

If the expenses covered by this arrangement aren't substantiated (or amounts in excess of substantiated expenses aren't returned within a reasonable period of time), the amount paid under the arrangement in excess of the substantiated expenses is treated as paid under a nonaccountable plan. This amount is subject to income, social security, Medicare, and FUTA taxes for the first payroll period following the end of the reasonable period of time.

A reasonable period of time depends on the facts and circumstances. Generally, it is considered reasonable if your employees receive their advance within 30 days of the time they pay or incur the expenses, adequately account for the expenses within 60 days after the expenses were paid or incurred, and return any amounts in excess of expenses within 120 days after the expenses were paid or incurred. Alternatively, it is considered reasonable if you give your employees a periodic statement (at least quarterly) that asks them to either return or adequately account for outstanding amounts and they do so within 120 days.

Nonaccountable plan. Payments to your employee for travel and other necessary expenses of your business under a nonaccountable plan are wages and are treated as supplemental wages and subject to income, social security, Medicare, and FUTA taxes. Your payments are treated as paid under a nonaccountable plan if:

- Your employee isn't required to or doesn't substantiate timely those expenses to you with receipts or other documentation,
- You advance an amount to your employee for business expenses and your employee isn't required to or doesn't return timely any amount they don't use for business expenses,
- You advance or pay an amount to your employee regardless of whether you reasonably expect the employee to have business expenses related to your business, or
- You pay an amount as a reimbursement you would have otherwise paid as wages.

See [section 7](#) for more information on supplemental wages.

Per diem or other fixed allowance. You may reimburse your employees by travel days, miles, or some other fixed allowance under the applicable revenue procedure. In these cases, your employee is considered to have accounted to you if your reimbursement doesn't exceed rates established by the federal government. The standard mileage rate for auto expenses is provided in Pub. 15-B.

The government per diem rates for meals and lodging in the continental United States can be found by going to the U.S. General Services Administration website at [GSA.gov/PerDiemRates](https://www.gsa.gov/PerDiemRates). Other than the amount of these expenses, your employees' business expenses must be substantiated (for example, the business purpose of the travel or the number of business miles driven). For information on substantiation methods, see Pub. 463.

If the per diem or allowance paid exceeds the amounts substantiated, you must report the excess amount as wages. This excess amount is subject to income tax withholding and payment of social security, Medicare, and FUTA taxes. Show the amount equal to the substantiated amount (that is, the nontaxable portion) in box 12 of Form W-2 using code "L." Employers in Puerto Rico report the amount in box 12 (no code needed).

Wages not paid in money. If in the course of your trade or business you pay your employees in a medium that is neither cash nor a readily negotiable instrument, such as a check, you're said to pay them "in kind." Payments in kind may be in the form of goods, lodging, food, clothing, or services. Generally, the FMV of such payments at the time they're provided is subject to federal income tax withholding and social security, Medicare, and FUTA taxes.

However, noncash payments for household work, agricultural labor, and service not in the employer's trade or business are exempt from social security, Medicare, and FUTA taxes. Withhold income tax on these payments only if you and the employee agree to do so. Nonetheless,

noncash payments for agricultural labor, such as commodity wages, are treated as cash payments subject to employment taxes if the substance of the transaction is a cash payment. See [Noncash wages, including commodity wages, paid to farmworkers](#), earlier in this section, for more information.

Meals and lodging. The value of meals isn't taxable income and isn't subject to federal income tax withholding and social security, Medicare, and FUTA taxes if the meals are furnished for the employer's convenience and on the employer's premises. The value of lodging isn't subject to federal income tax withholding and social security, Medicare, and FUTA taxes if the lodging is furnished for the employer's convenience, on the employer's premises, and as a condition of employment.

"For the convenience of the employer" means you have a substantial business reason for providing the meals and lodging other than to provide additional compensation to the employee. For example, meals you provide at the place of work so that an employee is available for emergencies during their lunch period are generally considered to be for your convenience. You must be able to show these emergency calls have occurred or can reasonably be expected to occur, and that the calls have resulted, or will result, in you calling on your employees to perform their jobs during their meal period.

Whether meals or lodging are provided for the convenience of the employer depends on all of the facts and circumstances. A written statement that the meals or lodging are for your convenience isn't sufficient.

50% test. If over 50% of the employees who are provided meals on an employer's business premises receive these meals for the convenience of the employer, all meals provided on the premises are treated as furnished for the convenience of the employer. If this 50% test is met, the value of the meals is excludable from income for all employees and isn't subject to federal income tax withholding or employment taxes. For more information, see Pub. 15-B.

Health insurance plans. If you pay the cost of an accident or health insurance plan for your employees, including an employee's spouse and dependents, your payments aren't wages and aren't subject to social security, Medicare, and FUTA taxes, or federal income tax withholding. Generally, this exclusion also applies to qualified long-term-care insurance contracts. However, for income tax withholding, the value of health insurance benefits must be included in the wages of S corporation employees who own more than 2% of the S corporation (2% shareholders). For social security, Medicare, and FUTA taxes, the health insurance benefits are excluded from the 2% shareholder's wages. See Announcement 92-16 for more information. You can find Announcement 92-16 on page 53 of Internal Revenue Bulletin 1992-5.

Health savings accounts (HSAs) and medical savings accounts (MSAs). Your contributions to an employee's HSA or Archer MSA aren't subject to social security, Medicare, or FUTA tax, or federal income tax withholding

if it is reasonable to believe at the time of payment of the contributions they'll be excludable from the income of the employee. To the extent it isn't reasonable to believe they'll be excludable, your contributions are subject to these taxes. Employee contributions to their HSAs or MSAs through a payroll deduction plan must be included in wages and are subject to social security, Medicare, and FUTA taxes and income tax withholding. However, HSA contributions made under a salary reduction arrangement in a section 125 cafeteria plan aren't wages and aren't subject to employment taxes or withholding. For more information, see the Instructions for Form 8889.

Medical care reimbursements. Generally, medical care reimbursements paid for an employee under an employer's self-insured medical reimbursement plan aren't wages and aren't subject to social security, Medicare, and FUTA taxes, or income tax withholding. See Pub. 15-B for a rule regarding inclusion of certain reimbursements in the gross income of highly compensated individuals.

Differential wage payments. Differential wage payments are any payments made by an employer to an individual for a period during which the individual is performing service in the uniformed services while on active duty for a period of more than 30 days and represent all or a portion of the wages the individual would have received from the employer if the individual were performing services for the employer.

Differential wage payments are wages for income tax withholding, but aren't subject to social security, Medicare, or FUTA tax. Employers should report differential wage payments in box 1 of Form W-2 (box 7 of Form 499R-2/W-2PR). For more information about the tax treatment of differential wage payments, see Revenue Ruling 2009-11, 2009-18 I.R.B. 896, available at [IRS.gov/irb/2009-18_IRB#RR-2009-11](https://www.irs.gov/irb/2009-18_IRB#RR-2009-11).

Fringe benefits. You must generally include fringe benefits in an employee's wages (but see [Nontaxable fringe benefits](#) next). The benefits are subject to income tax withholding and employment taxes. Fringe benefits include cars you provide, flights on aircraft you provide, free or discounted commercial flights, vacations, discounts on property or services, memberships in country clubs or other social clubs, and tickets to entertainment or sporting events. In general, the amount you must include is the amount by which the FMV of the benefit is more than the sum of what the employee paid for it plus any amount the law excludes. There are other special rules you and your employees may use to value certain fringe benefits. See Pub. 15-B for more information.

Nontaxable fringe benefits. Some fringe benefits aren't taxable (or are minimally taxable) if certain conditions are met. See Pub. 15-B for details. The following are some examples of nontaxable fringe benefits.

- Services provided to your employees at no additional cost to you.
- Qualified employee discounts.

- Working condition fringes that are property or services that would be allowable as a business expense or depreciation expense deduction to the employee if they had paid for them. Examples include a company car for business use and subscriptions to business magazines.
- Certain minimal value fringes (including an occasional cab ride when an employee must work overtime and meals you provide at eating places you run for your employees if the meals aren't furnished at below cost).
- Qualified transportation fringes subject to specified conditions and dollar limitations (including transportation in a commuter highway vehicle, any transit pass, and qualified parking).
- The use of on-premises athletic facilities operated by you if substantially all of the use is by employees, their spouses, and their dependent children.
- Qualified tuition reduction an educational organization provides to its employees for education. For more information, see Pub. 970.
- Employer-provided cell phones provided primarily for a noncompensatory business reason.

However, don't exclude the following fringe benefits from the wages of highly compensated employees unless the benefit is available to other employees on a nondiscriminatory basis.

- No-additional-cost services.
- Qualified employee discounts.
- Meals provided at an employer-operated eating facility.
- Reduced tuition for education.

For more information, including the definition of a highly compensated employee, see Pub. 15-B.

When taxable fringe benefits are treated as paid.

You may choose to treat certain taxable noncash fringe benefits as paid by the pay period, by the quarter, or on any other basis you choose, as long as you treat the benefits as paid at least once a year. You don't have to make a formal choice of payment dates or notify the IRS of the dates you choose. You don't have to make this choice for all employees. You may change methods as often as you like, as long as you treat all benefits provided in a calendar year as paid by December 31 of the calendar year. See section 4 of Pub. 15-B for more information, including a discussion of the special accounting rule for fringe benefits provided during November and December.

Valuation of fringe benefits. Generally, you must determine the value of fringe benefits no later than January 31 of the next year. Before January 31, you may reasonably estimate the value of the fringe benefits for purposes of withholding and depositing on time.

Withholding federal income tax on fringe benefits.

You may add the value of fringe benefits to regular wages for a payroll period and figure withholding taxes on the total, or you may withhold federal income tax on the value of

the fringe benefits at the optional flat 22% supplemental wage rate. However, see [Withholding on supplemental wages when an employee receives more than \\$1 million of supplemental wages during the calendar year](#) in section 7.

You may choose not to withhold income tax on the value of an employee's personal use of a vehicle you provide. You must, however, withhold social security and Medicare taxes on the use of the vehicle. See Pub. 15-B for more information on this election.

Withholding social security and Medicare taxes on fringe benefits. You add the value of fringe benefits to regular wages for a payroll period and figure social security and Medicare taxes on the total.

If you withhold less than the required amount of social security and Medicare taxes from the employee in a calendar year but report and pay the proper amount, you may recover the taxes from the employee. See Pub. 15-B for more information.

Depositing taxes on fringe benefits. Once you choose when fringe benefits are paid, you must deposit taxes in the same deposit period you treat the fringe benefits as paid. To avoid a penalty, deposit the taxes following the general deposit rules for that deposit period.

If you determine by January 31 you overestimated the value of a fringe benefit at the time you withheld and deposited for it, you may claim a refund for the overpayment or have it applied to your next employment tax return. See [Valuation of fringe benefits](#), earlier in this section. If you underestimated the value and deposited too little, you may be subject to a failure-to-deposit (FTD) penalty. See [section 11](#) for information on deposit penalties.

If you deposited the required amount of taxes but withheld a lesser amount from the employee, you can recover from the employee the social security, Medicare, or income taxes you deposited on their behalf and included in the employee's Form W-2. However, you must recover the income taxes before April 1 of the following year.

Back pay. Back pay, including retroactive wage increases (but not amounts paid as liquidated damages), is taxed as ordinary wages in the year paid. For information on reporting back pay to the SSA, see Pub. 957.

Sick pay. In general, sick pay is any amount you pay under a plan to an employee who is unable to work because of sickness or injury. These amounts are sometimes paid by a third party, such as an insurance company or an employees' trust. In either case, these payments are subject to social security, Medicare, and FUTA taxes. These taxes don't apply to sick pay paid more than 6 calendar months after the last calendar month in which the employee worked for the employer. The payments are always subject to federal income tax. See section 6 of Pub. 15-A for more information.



For purposes of this publication, all references to "sick pay" mean ordinary sick pay, not "qualified sick leave wages" under the FFCRA, as amended by the COVID-related Tax Relief Act of 2020, and the ARP.

Identity protection services. The value of identity protection services provided by an employer to an employee isn't included in an employee's gross income and doesn't need to be reported on an information return (such as Form W-2) filed for an employee. This includes identity protection services provided before a data breach occurs. This exception doesn't apply to cash received instead of identity protection services or to proceeds received under an identity theft insurance policy. For more information, see Announcement 2015-22, 2015-35 I.R.B. 288, available at [IRS.gov/irb/2015-35_IRB#ANN-2015-22](https://www.irs.gov/irb/2015-35_IRB#ANN-2015-22); and Announcement 2016-02, 2016-3 I.R.B. 283, available at [IRS.gov/irb/2016-03_IRB#ANN-2016-02](https://www.irs.gov/irb/2016-03_IRB#ANN-2016-02).

6. Tips



You're permitted to establish a system for electronic tip reporting by employees. See Regulations section 31.6053-1(d).

Cash tips your employee receives from customers are generally subject to withholding. Your employee must report cash tips to you by the 10th of the month after the month the tips are received. Cash tips include tips paid by cash, check, debit card, and credit card. The report should include tips you paid over to the employee for charge customers, tips the employee received directly from customers, and tips received from other employees under any tip-sharing arrangement. Both directly and indirectly tipped employees must report tips to you. No report is required for months when tips are less than \$20. If you don't give your employees any specific method to report tips (for example, an electronic tip reporting system), your employees must give you a statement reporting their tips. The statement must be signed and dated by the employee and must include:

- The employee's name, address, and SSN;
- Your name and address;
- The month and year (or the beginning and ending dates, if the statement is for a period of less than 1 calendar month) the report covers; and
- The total of tips received during the month or period.

You may also suggest that your employees see Pub. 531, Reporting Tip Income.

Collecting taxes on tips. You must collect federal income tax, employee social security tax, and employee Medicare tax on the employee's tips. The withholding rules for withholding an employee's share of Medicare tax on tips also apply to withholding the Additional Medicare Tax once wages and tips exceed \$200,000 in the calendar year.

You can collect these taxes from the employee's wages (excluding tips) or from other funds they make available. See [Tips are treated as supplemental wages](#) in section 7 for more information. Stop collecting the employee social security tax when their wages and tips for tax year 2024 reach \$168,600; collect the income and employee

Medicare taxes for the whole year on all wages and tips. You're responsible for the employer social security tax on wages and tips until the wages (including tips) reach the limit. You're responsible for the employer Medicare tax for the whole year on all wages and tips. Tips are considered to be paid at the time the employee reports them to you. Deposit taxes on tips based on your deposit schedule as described in [section 11](#). File Form 941 or Form 944 to report withholding and employment taxes on tips.

Ordering rule. If, by the 10th of the month after the month for which you received an employee's report on tips, you don't have enough employee funds available to deduct the employee tax, you no longer have to collect it. If there aren't enough funds available, withhold taxes in the following order.

1. Withhold on regular wages and other compensation.
2. Withhold social security and Medicare taxes on tips.
3. Withhold income tax on tips.

Reporting tips. Report tips and any collected and uncollected social security and Medicare taxes on Form W-2 (Form 499R-2/W-2PR for employers in Puerto Rico) and on Form 941, lines 5b, 5c, and, if applicable, 5d (Form 944, lines 4b, 4c, and, if applicable, 4d). Report a negative adjustment on Form 941, line 9 (Form 944, line 6), for the uncollected social security and Medicare taxes. Enter the amount of uncollected social security tax and Medicare tax in box 12 of Form W-2 with codes "A" and "B," respectively. On Form 499R-2/W-2PR, enter the amount of uncollected social security and Medicare taxes in boxes 25 and 26, respectively. Don't include any uncollected Additional Medicare Tax in box 12 of Form W-2. For additional information on reporting tips, see [section 13](#) and the General Instructions for Forms W-2 and W-3. Employers in Puerto Rico, see the Instructions for Form W-3PR.

Revenue Ruling 2012-18 provides guidance for employers regarding social security and Medicare taxes imposed on tips, including information on the reporting of the employer share of social security and Medicare taxes under section 3121(q), the difference between tips and service charges, and the section 45B credit. See Revenue Ruling 2012-18, 2012-26 I.R.B. 1032, available at [IRS.gov/irb/2012-26_IRB#RR-2012-18](https://www.irs.gov/irb/2012-26_IRB#RR-2012-18).

FUTA tax on tips. If an employee reports to you in writing \$20 or more of tips in a month, the tips are also subject to FUTA tax.

Allocated tips. If you operate a large food or beverage establishment, you must report allocated tips under certain circumstances. However, don't withhold income, social security, or Medicare taxes on allocated tips.

A large food or beverage establishment is one that is located in the 50 states or the District of Columbia, provides food or beverages for consumption on the premises, where tipping is customary, and where there were normally more than 10 employees on a typical business day during the preceding year.

The tips may be allocated by one of three methods—hours worked, gross receipts, or good faith

agreement. For information about these allocation methods, and for information about required electronic filing of Form 8027, see the Instructions for Form 8027. For more information on filing Form 8027 electronically with the IRS, see Pub. 1239.

Tip Rate Determination and Education Program. Employers may participate in the Tip Rate Determination and Education Program. The program primarily consists of two voluntary agreements developed to improve tip income reporting by helping taxpayers to understand and meet their tip reporting responsibilities. The two agreements are the Tip Rate Determination Agreement (TRDA) and the Tip Reporting Alternative Commitment (TRAC). A tip agreement, the Gaming Industry Tip Compliance Agreement (GITCA), is available for the gaming (casino) industry. For more information, see Pub. 3144.

More information. Advise your employees to see Pub. 531 or use the IRS Interactive Tax Assistant at [IRS.gov/TipIncome](https://www.irs.gov/TipIncome) for help in determining if their tip income is taxable and for information about how to report tip income.

7. Supplemental Wages



References to federal income tax withholding don't apply to employers in American Samoa, Guam, the CNMI, the USVI, and Puerto Rico, unless you have employees who are subject to U.S. income tax withholding. Contact your local tax department for information about income tax withholding.

Supplemental wages are wage payments to an employee that aren't regular wages. They include, but aren't limited to, bonuses, commissions, overtime pay, payments for accumulated sick leave, severance pay, awards, prizes, back pay, reported tips, retroactive pay increases, and payments for nondeductible moving expenses. However, employers have the option to treat overtime pay and tips as regular wages instead of supplemental wages. Other payments subject to the supplemental wage rules include taxable fringe benefits and expense allowances paid under a nonaccountable plan. How you withhold on supplemental wages depends on whether the supplemental payment is identified as a separate payment from regular wages. See Regulations section 31.3402(g)-1 for additional guidance. Also see Revenue Ruling 2008-29, 2008-24 I.R.B. 1149, available at [IRS.gov/irb/2008-24_IRB#RR-2008-29](https://www.irs.gov/irb/2008-24_IRB#RR-2008-29).

Withholding on supplemental wages when an employee receives more than \$1 million of supplemental wages from you during the calendar year. Special rules apply to the extent supplemental wages paid to any one employee during the calendar year exceed \$1 million. If a supplemental wage payment, together with other supplemental wage payments made to the employee during the calendar year, exceeds \$1 million, the excess is subject to withholding at 37% (or the highest rate of income tax for the year). Withhold using the 37% rate without re-

gard to the employee's Form W-4. In determining supplemental wages paid to the employee during the year, include payments from all businesses under common control. For more information, see Treasury Decision 9276, 2006-37 I.R.B. 423, available at [IRS.gov/irb/2006-37_IRB#TD-9276](https://www.irs.gov/irb/2006-37_IRB#TD-9276).

Withholding on supplemental wage payments to an employee who doesn't receive \$1 million of supplemental wages during the calendar year. If the supplemental wages paid to the employee during the calendar year are less than or equal to \$1 million, the following rules apply in determining the amount of income tax to be withheld.

Supplemental wages combined with regular wages. If you pay supplemental wages with regular wages but don't specify the amount of each, withhold federal income tax as if the total were a single payment for a regular payroll period.

Supplemental wages identified separately from regular wages. If you pay supplemental wages separately (or combine them in a single payment and specify the amount of each), the federal income tax withholding method depends partly on whether you withhold income tax from your employee's regular wages.

1. If you withheld income tax from an employee's regular wages in the current or immediately preceding calendar year, you can use one of the following methods for the supplemental wages.
 - a. Withhold a flat 22% (no other percentage allowed).
 - b. If the supplemental wages are paid concurrently with regular wages, add the supplemental wages to the concurrently paid regular wages and withhold federal income tax as if the total were a single payment for a regular payroll period. If there are no concurrently paid regular wages, add the supplemental wages to, alternatively, either the regular wages paid or to be paid for the current payroll period or the regular wages paid for the preceding payroll period. Figure the income tax withholding as if the total of the regular wages and supplemental wages is a single payment. Subtract the tax already withheld or to be withheld from the regular wages. Withhold the remaining tax from the supplemental wages. If there were other payments of supplemental wages paid during the payroll period made before the current payment of supplemental wages, aggregate all the payments of supplemental wages paid during the payroll period with the regular wages paid during the payroll period, figure the tax on the total, subtract the tax already withheld from the regular wages and the previous supplemental wage payments, and withhold the remaining tax.
2. If you didn't withhold income tax from the employee's regular wages in the current or immediately preceding calendar year, use method 1b.

Regardless of the method you use to withhold income tax on supplemental wages, they're subject to social security, Medicare, and FUTA taxes.

Example 1. You pay John Peters a base salary on the 1st of each month. John's most recent Form W-4 is from 2018, and John is single, claims one withholding allowance, and didn't enter an amount for additional withholding on Form W-4. In January, John is paid \$1,000. You decide to use the Wage Bracket Method of withholding. Using Worksheet 3 and the withholding tables in section 3 of Pub. 15-T, you withhold \$14 from this amount. In February, John receives salary of \$1,000 plus a commission of \$500, which you combine with regular wages and don't separately identify. You figure the withholding based on the total of \$1,500. The correct withholding from the tables is \$66.

Example 2. You pay Sharon Warren a base salary on the 1st of each month. Sharon submitted a 2024 Form W-4 and checked the box for Single or Married filing separately. Sharon didn't complete Steps 2, 3, and 4 on Form W-4. Sharon's May 1 pay is \$2,000. You decide to use the Wage Bracket Method of withholding. Using Worksheet 2 and the withholding tables in section 2 of Pub. 15-T, you withhold \$79. On May 15, Sharon receives a bonus of \$1,000. Electing to use supplemental wage withholding method 1b, you do the following.

1. Add the bonus amount to the amount of wages from the most recent base salary pay date (May 1) ($\$2,000 + \$1,000 = \$3,000$).
2. Determine the amount of withholding on the combined \$3,000 amount to be \$196 using the wage bracket tables.
3. Subtract the amount withheld from wages on the most recent base salary pay date (May 1) from the combined withholding amount ($\$196 - \$79 = \$117$).
4. Withhold \$117 from the bonus payment.

Example 3. The facts are the same as in *Example 2*, except you elect to use the flat rate method of withholding on the bonus. You withhold 22% of \$1,000, or \$220, from Sharon's bonus payment.

Example 4. The facts are the same as in *Example 2*, except you elect to pay Sharon a second bonus of \$2,000 on May 29. Using supplemental wage withholding method 1b, you do the following.

1. Add the first and second bonus amounts to the amount of wages from the most recent base salary pay date (May 1) ($\$2,000 + \$1,000 + \$2,000 = \$5,000$).
2. Determine the amount of withholding on the combined \$5,000 amount to be \$435 using the wage bracket tables.
3. Subtract the amounts withheld from wages on the most recent base salary pay date (May 1) and the amounts withheld from the first bonus payment from

the combined withholding amount ($\$435 - \$79 - \$117 = \239).

4. Withhold \$239 from the second bonus payment.

Tips are treated as supplemental wages. Withhold income tax on tips from wages earned by the employee or from other funds the employee makes available. Don't withhold the income tax due on tips from employee tips. If an employee receives regular wages and reports tips, figure income tax withholding as if the tips were supplemental wages. If you withheld income tax from the regular wages in the current or immediately preceding calendar year, you can withhold on the tips by method 1a or 1b discussed earlier in this section under [Supplemental wages identified separately from regular wages](#). If you didn't withhold income tax from the regular wages in the current or immediately preceding calendar year, add the tips to the regular wages and withhold income tax on the total by method 1b discussed earlier. Employers also have the option to treat tips as regular wages rather than supplemental wages. Service charges aren't tips; therefore, withhold taxes on service charges as you would on regular wages.

Vacation pay. Vacation pay is subject to withholding as if it were a regular wage payment. When vacation pay is in addition to regular wages for the vacation period (for example, an annual lump-sum payment for unused vacation leave), treat it as a supplemental wage payment. If the vacation pay is for a time longer than your usual payroll period, spread it over the pay periods for which you pay it.

8. Payroll Period

Your payroll period is a period of service for which you usually pay wages. When you have a regular payroll period, withhold income tax for that time period even if your employee doesn't work the full period.

No regular payroll period. When you don't have a regular payroll period, withhold the tax as if you paid wages for a daily or miscellaneous payroll period. Figure the number of days (including Sundays and holidays) in the period covered by the wage payment. If the wages are unrelated to a specific length of time (for example, commissions paid on completion of a sale), count back the number of days from the payment period to the latest of:

- The last wage payment made during the same calendar year;
- The date employment began, if during the same calendar year; or
- January 1 of the same year.

Employee paid for period less than 1 week. When you pay an employee for a period of less than 1 week, and the employee signs a statement under penalties of perjury indicating they aren't working for any other employer during the same week for wages subject to withholding, figure withholding based on a weekly payroll period. If the employee later begins to work for another employer for wages

subject to withholding, the employee must notify you within 10 days. You then figure withholding based on the daily or miscellaneous period.

9. Withholding From Employees' Wages



References to federal income tax withholding don't apply to employers in American Samoa, Guam, the CNMI, the USVI, and Puerto Rico, unless you have employees who are subject to U.S. income tax withholding. Contact your local tax department for information about income tax withholding.

Federal Income Tax Withholding

Redesigned Form W-4. The IRS redesigned Form W-4 for 2020 and subsequent years. Before 2020, the value of a withholding allowance was tied to the amount of the personal exemption. Due to changes in the law, taxpayers can no longer claim personal exemptions or dependency exemptions; therefore, Form W-4 no longer asks an employee to report the number of withholding allowances that they are claiming. The revised Form W-4 is divided into five steps. Step 1 and Step 5 apply to all employees. In Step 1, employees enter personal information like their name and filing status. In Step 5, employees sign the form. Employees who complete only Step 1 and Step 5 will have their withholding figured based on their filing status's standard deduction and tax rates with no other adjustments. If applicable, in Step 2, employees increase their withholding to account for higher tax rates due to income from other jobs in their household. Under Step 2, employees either enter an additional amount to withhold per payroll period in Step 4(c) or check the box in Step 2(c) for higher withholding rate tables to apply to their wages. In Step 3, employees decrease their withholding by reporting the annual amount of any credits they will claim on their income tax return. In Step 4, employees may increase or decrease their withholding based on the annual amount of other income or deductions they will report on their income tax return and they may also request any additional federal income tax they want withheld each pay period.

An employee who submitted Form W-4 in any year before 2020 isn't required to submit a new form merely because of the redesign. Employers will continue to figure withholding based on the information from the employee's most recently submitted Form W-4. The withholding tables in Pub. 15-T allow employers to figure withholding based on a Form W-4 for 2019 or earlier, as well as the redesigned Form W-4. While you may ask your employee first paid wages before 2020 that hasn't yet submitted a redesigned Form W-4 to submit a new Form W-4 using the redesigned version of the form, you should explain to them that they're not required to do this and if they don't submit a new Form W-4, withholding will continue based on a valid Form W-4 previously submitted. All newly hired employees must use the redesigned form. Similarly, any other

employees who wish to adjust their withholding must use the redesigned form.

Pub. 15-T provides an optional computational bridge to treat 2019 and earlier Forms W-4 as if they were 2020 or later Forms W-4 for purposes of figuring federal income tax withholding. This computational bridge allows you to use computational procedures and data fields for a 2020 and later Form W-4 to arrive at the equivalent withholding for an employee that would have applied using the computational procedures and data fields on a 2019 or earlier Form W-4. See *How To Treat 2019 and Earlier Forms W-4 as if They Were 2020 or Later Forms W-4* under Introduction in Pub. 15-T.

More information. For more information about the redesigned Form W-4 and regulations that provide guidance for employers concerning income tax withholding from employees' wages, see Treasury Decision 9924, 2020-44 I.R.B. 943, available at [IRS.gov/irb/2020-44_IRB#TD-9924](https://www.irs.gov/irb/2020-44_IRB#TD-9924). For information about Form W-4, go to [IRS.gov/FormW4](https://www.irs.gov/FormW4). Employer instructions on how to figure employee withholding are provided in Pub. 15-T, available at [IRS.gov/Pub15T](https://www.irs.gov/Pub15T).



Farm operators and crew leaders must withhold federal income tax from the wages of farmworkers if the wages are subject to social security and Medicare taxes.

Using Form W-4 to figure withholding. To know how much federal income tax to withhold from employees' wages, you should have a Form W-4 on file for each employee. Encourage your employees to file an updated Form W-4 for 2024, especially if they owed taxes or received a large refund when filing their 2023 tax return.

Ask all new employees to give you a signed Form W-4 when they start work. Make the form effective with the first wage payment. If a new employee doesn't give you a completed Form W-4 in 2024 (including an employee who previously worked for you and was rehired in 2024, and who fails to furnish a Form W-4), treat the new employee as if they had checked the box for Single or Married filing separately in Step 1(c) and made no entries in Step 2, Step 3, or Step 4 of the 2024 Form W-4. An employee who was paid wages before 2020 and who failed to furnish a Form W-4 should continue to be treated as single and claiming zero allowances on a 2019 Form W-4. If you use the optional computational bridge, described earlier under [Redesigned Form W-4](#), you may treat this employee as if they had checked the box for Single or Married filing separately in Step 1(c), and made no entries in Step 2 and Step 3, an entry of \$8,600 in Step 4(a), and an entry of zero in Step 4(b) of the 2024 Form W-4.

Electronic system to receive Form W-4. You may establish a system to electronically receive Forms W-4 from your employees. See Regulations section 31.3402(f)(5)-1(c) and Pub. 15-T for more information.

Effective date of Form W-4. A Form W-4 for 2023 or earlier years remains in effect for 2024 unless the employee gives you a 2024 Form W-4. When you receive a new Form W-4 from an employee, don't adjust withholding

for pay periods before the effective date of the new form. If an employee gives you a Form W-4 that replaces an existing Form W-4, begin withholding no later than the start of the first payroll period ending on or after the 30th day from the date when you received the replacement Form W-4. For exceptions, see [Exemption from federal income tax withholding](#), [IRS review of requested Forms W-4](#), and [Invalid Forms W-4](#), later in this section.



A Form W-4 that makes a change for the next calendar year won't take effect in the current calendar year.

Successor employer. If you're a successor employer (see [Successor employer](#), later in this section), secure new Forms W-4 from the transferred employees unless the "Alternative Procedure" in section 5 of Revenue Procedure 2004-53 applies. See Revenue Procedure 2004-53, 2004-34 I.R.B. 320, available at [IRS.gov/irb/2004-34_IRB#RP-2004-53](#).



You may advise your employees to use the IRS Tax Withholding Estimator available at [IRS.gov/W4App](#) for help in determining how to complete their Forms W-4. An employee that makes a mid-year change to their withholding after using the IRS Tax Withholding Estimator may be underwithheld or overwithheld once their Form W-4 is applied to the next full calendar year. Therefore, you should remind employees that made a mid-year change to revisit the IRS Tax Withholding Estimator in early January and submit a new Form W-4 for the year.

Completing Form W-4. The amount of any federal income tax withholding must be based on filing status, income (including income from other jobs), deductions, and credits. Your employees may not base their withholding amounts on a fixed dollar amount or percentage. However, an employee may specify a dollar amount to be withheld each pay period in addition to the amount of withholding based on filing status and other information reported on Form W-4.

Employees that are married filing jointly and have spouses that also currently work, or employees that hold more than one job at the same time, should account for their higher tax rate by completing Step 2 of their 2024 Form W-4. Employees also have the option to report on their 2024 Form W-4 other income they will receive that isn't subject to withholding and other deductions they will claim in order to increase the accuracy of their federal income tax withholding.

See Pub. 505 for more information about completing Form W-4. Along with Form W-4, you may wish to order Pub. 505 for use by your employees.

Don't accept any withholding or estimated tax payments from your employees in addition to withholding based on their Form W-4. If they require additional withholding, they should submit a new Form W-4 and, if necessary, pay estimated tax by filing Form 1040-ES or by

making an electronic payment of estimated taxes. Employees who receive tips may provide funds to their employer for withholding on tips; see [Collecting taxes on tips](#) in section 6.

Exemption from federal income tax withholding. Generally, an employee may claim exemption from federal income tax withholding because they had no income tax liability last year and expect none this year. See the Form W-4 instructions for more information. However, the wages are still subject to social security and Medicare taxes. See also [Invalid Forms W-4](#), later in this section.

A Form W-4 claiming exemption from withholding is effective when it is given to the employer and only for that calendar year. To continue to be exempt from withholding, an employee must give you a new Form W-4 by February 15. If the employee doesn't give you a new Form W-4 by February 15, begin withholding as if they had checked the box for Single or Married filing separately in Step 1(c) and made no entries in Step 2, Step 3, or Step 4 of the 2024 Form W-4. If the employee provides a new Form W-4 claiming exemption from withholding on February 16 or later, you may apply it to future wages but don't refund any taxes withheld while the exempt status wasn't in place.

Withholding federal income taxes on the wages of nonresident alien employees. In general, you must withhold federal income taxes on the wages of nonresident alien employees. However, see Pub. 515 for exceptions to this general rule. See [section 5](#) for more guidance on H-2A visa workers.

Withholding adjustment for nonresident alien employees. Nonresident aliens may not claim the standard deduction on their tax returns; therefore, employers must add an amount to the wages of nonresident alien employees performing services within the United States in order to figure the amount of federal income tax to withhold from their wages. The amount is added to their wages solely for calculating federal income tax withholding. The amount isn't included in any box on the employee's Form W-2 and doesn't increase the income tax liability of the employee. The amount also doesn't increase the social security tax or Medicare tax liability of the employer or the employee, or the FUTA tax liability of the employer. See [Withholding Adjustment for Nonresident Alien Employees](#) under [Introduction](#) in Pub. 15-T for the amount to add to their wages for the payroll period.

Supplemental wage payment. The adjustment for determining the amount of income tax withholding for nonresident alien employees doesn't apply to a supplemental wage payment (see [section 7](#)) if the 37% mandatory flat rate withholding applies or if the 22% optional flat rate withholding is being used to calculate income tax withholding on the supplemental wage payment.

Nonresident alien employee's Form W-4. When completing Forms W-4, nonresident aliens are required to:

- Not claim exemption from income tax withholding (even if they meet both of the conditions to claim exemption from withholding listed in the Form W-4 instructions);
- Request withholding as if they're single, regardless of their actual filing status;
- Not claim the child tax credit or credit for other dependents in Step 3 of Form W-4 (if the nonresident alien is a resident of Canada, Mexico, or South Korea, or a student from India, or a business apprentice from India, they may claim, under certain circumstances (see Pub. 519), the child tax credit or credit for other dependents); and
- Write "Nonresident Alien" or "NRA" in the space below Step 4(c) of Form W-4.

If you maintain an electronic Form W-4 system, you should provide a field for nonresident aliens to enter nonresident alien status instead of writing "Nonresident Alien" or "NRA" in the space below Step 4(c) of Form W-4. You should instruct nonresident aliens to see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing Form W-4.

Form 8233. If a nonresident alien employee claims a tax treaty exemption from withholding, the employee must submit Form 8233 with respect to the income exempt under the treaty, instead of Form W-4. For more information, see the Instructions for Form 8233 and *Pay for Personal Services Performed under Withholding on Specific Income* in Pub. 515.

IRS review of requested Forms W-4. When requested by the IRS, you must make original Forms W-4 available for inspection by an IRS employee. You may also be directed to send certain Forms W-4 to the IRS. You may receive a notice from the IRS requiring you to submit a copy of Form W-4 for one or more of your named employees. Send the requested copy or copies of Form W-4 to the IRS at the address provided and in the manner directed by the notice. The IRS may also require you to submit copies of Form W-4 to the IRS as directed by a revenue procedure or notice published in the Internal Revenue Bulletin.

After submitting a copy of a requested Form W-4 to the IRS, continue to withhold federal income tax based on that Form W-4 if it is valid (see [Invalid Forms W-4](#), later in this section). However, if the IRS later notifies you in writing that the employee isn't entitled to claim exemption from withholding or a claimed amount of deductions or credits, withhold federal income tax based on the effective date, employee's permitted filing status, and withholding instructions specified in the IRS notice (commonly referred to as a "lock-in letter").

Initial lock-in letter. The IRS uses information reported on Form W-2 to identify employees with withholding compliance problems. In some cases, if a serious under-withholding problem is found to exist for a particular employee, the IRS may issue a lock-in letter to the employer

specifying the employee's permitted filing status and providing withholding instructions for the specific employee. You'll also receive a copy for the employee that identifies the permitted filing status and provides a description of the withholding instructions you're required to follow and the process by which the employee can provide additional information to the IRS for purposes of determining the appropriate withholding and/or modifying the specified filing status. You must furnish the employee copy to the employee within 10 business days of receipt if the employee is employed by you as of the date of the notice. You may follow any reasonable business practice to furnish the employee copy to the employee. Begin withholding based on the notice on the date specified in the notice.

Implementation of lock-in letter. When you receive the notice specifying the permitted filing status and providing withholding instructions, you may not withhold immediately on the basis of the notice. You must begin withholding tax on the basis of the notice for any wages paid after the date specified in the notice. The delay between your receipt of the notice and the date to begin the withholding on the basis of the notice permits the employee time to contact the IRS.

Seasonal employees and employees not currently performing services. If you receive a notice for an employee who isn't currently performing services for you, you're still required to furnish the employee copy to the employee and withhold based on the notice if any of the following apply.

- You're paying wages for the employee's prior services and the wages are subject to income tax withholding on or after the date specified in the notice.
- You reasonably expect the employee to resume services within 12 months of the date of the notice.
- The employee is on a leave of absence that doesn't exceed 12 months or the employee has a right to re-employment after the leave of absence.

Termination and rehire of employees. If you must furnish and withhold based on the notice and the employment relationship is terminated after the date of the notice, you must continue to withhold based on the notice if you continue to pay any wages subject to income tax withholding. You must also withhold based on the notice or modification notice (explained next) if the employee resumes the employment relationship with you within 12 months after the termination of the employment relationship.

Modification notice. After issuing the notice specifying the permitted filing status and providing withholding instructions, the IRS may issue a subsequent notice (modification notice) that modifies the original notice. The modification notice may change the permitted filing status and withholding instructions. You must withhold federal income tax based on the effective date specified in the modification notice.

New Form W-4 after IRS notice. After the IRS issues a notice or modification notice, if the employee provides you with a new Form W-4 claiming complete exemption

from withholding or a completed Form W-4 that results in less withholding than would result under the IRS notice or modification notice, disregard the new Form W-4. You must withhold based on the notice or modification notice unless the IRS notifies you to withhold based on the new Form W-4. If the employee wants to put a new Form W-4 into effect that results in less withholding than required, the employee must contact the IRS.

If, after you receive an IRS notice or modification notice, your employee gives you a new completed Form W-4 that results in more withholding than would result under the notice or modification notice, you must withhold tax based on the new Form W-4. Otherwise, disregard any subsequent Forms W-4 provided by the employee and withhold based on the IRS notice or modification notice.



If, in a year before 2020, you received a lock-in letter for an employee, then for 2024 you should continue to follow the instructions in the lock-in letter. You will use the withholding methods described in Pub. 15-T for an employee with a Form W-4 from 2019 or earlier, or you may use the optional computational bridge to treat 2019 and earlier Forms W-4 as if they were 2020 or later Forms W-4 for purposes of figuring federal income tax withholding. See How To Treat 2019 and Earlier Forms W-4 as if They Were 2020 or Later Forms W-4 under the Introduction in Pub. 15-T. You should continue following the instructions in the pre-2020 lock-in letter until you receive a letter releasing your employee from the lock-in procedures, you receive a modification notice, or your employee gives you a new Form W-4 that results in more withholding than would result under the notice.

For additional information about employer withholding compliance, see [IRS.gov/WHC](https://www.irs.gov/WHC).

Substitute Forms W-4. You're encouraged to have your employees use the official version of Form W-4. You may use a substitute version of Form W-4 to meet your business needs. However, your substitute Form W-4 must contain language that is identical to the official Form W-4 and your form must meet all current IRS rules for substitute forms. At the time you provide your substitute form to the employee, you must provide them with all tables, instructions, and worksheets from the current Form W-4. For more information, see Pub. 15-T.

You can't accept substitute Forms W-4 developed by employees. An employee who submits an employee-developed substitute Form W-4 after October 10, 2007, will be treated as failing to furnish a Form W-4. However, continue to honor any valid employee-developed Forms W-4 you accepted before October 11, 2007.

Invalid Forms W-4. Any unauthorized change or addition to Form W-4 makes it invalid. This includes taking out any language by which the employee certifies the form is correct. A Form W-4 is also invalid if, by the date an employee gives it to you, they clearly indicate it is false. An employee who submits a false Form W-4 may be subject to a \$500 penalty. You may treat a Form W-4 as invalid if the employee wrote "exempt" below Step 4(c) and checked the box in Step 2(c) or entered numbers for Steps 3 and 4.

When you get an invalid Form W-4, don't use it to figure federal income tax withholding. Tell the employee it is invalid and ask for another one. If the employee doesn't give you a valid one, and you have an earlier Form W-4 for this employee that is valid, withhold as you did before. If you don't have an earlier Form W-4 that is valid, withhold tax as if the employee had checked the box for Single or Married filing separately in Step 1(c) and made no entries in Step 2, Step 3, or Step 4 of the 2024 Form W-4. However, an employee who was paid wages in 2019 who never submitted a valid Form W-4 and submits an invalid Form W-4 in 2024 should continue to be treated as single and claiming zero allowances on a 2019 Form W-4. If you use the optional computational bridge, described earlier under [Re-designed Form W-4](#), you may treat this employee as if they had checked the box for Single or Married filing separately in Step 1(c), and made no entries in Step 2 and Step 3, an entry of \$8,600 in Step 4(a), and an entry of zero in Step 4(b) of the 2024 Form W-4.

Amounts exempt from levy on wages, salary, and other income. If you receive a Notice of Levy on Wages, Salary, and Other Income (a notice in the Form 668 series), you must withhold amounts as described in the instructions for these forms. Pub. 1494 has tables to figure the amount exempt from levy. If a levy issued in a prior year is still in effect and the taxpayer submits a new Statement of Exemptions and Filing Status, use the current year Pub. 1494 to figure the exempt amount.

Social Security and Medicare Taxes

The Federal Insurance Contributions Act (FICA) provides for a federal system of old-age, survivors, disability, and hospital insurance. The old-age, survivors, and disability insurance part is financed by the social security tax. The hospital insurance part is financed by the Medicare tax. Each of these taxes is reported separately.

Generally, you're required to withhold social security and Medicare taxes from your employees' wages and pay the employer share of these taxes. Certain types of wages and compensation aren't subject to social security and Medicare taxes. See [section 5](#) and [section 15](#) for details. Generally, employee wages are subject to social security and Medicare taxes regardless of the employee's age or whether they are receiving social security benefits. If the employee reported tips, see [section 6](#).

The \$150 test or the \$2,500 test for farmwork. All cash wages that you pay to an employee during the year for farmwork are subject to social security and Medicare taxes and federal income tax withholding if either of the two tests below is met.

- You pay cash wages to an employee of \$150 or more in a year for farmwork (count all cash wages paid on a time, piecework, or other basis). The \$150 test applies separately to each farmworker that you employ. If you employ a family of workers, each member is treated separately. Don't count wages paid by other employers.

- The total that you pay for farmwork (cash and non-cash) to all your employees is \$2,500 or more during the year.

Exceptions. Annual cash wages of less than \$150 you pay to a **seasonal** farmworker aren't subject to social security and Medicare taxes, or federal income tax withholding, even if you pay \$2,500 or more to all your farmworkers. However, these wages count toward the \$2,500 test for determining whether other farmworkers' wages are subject to social security and Medicare taxes.

A seasonal farmworker is a worker who:

- Is employed in agriculture as a hand-harvest laborer,
- Is paid piece rates in an operation that is usually paid on a piece-rate basis in the region of employment,
- Commutes daily from their permanent home to the farm, and
- Had been employed in agriculture less than 13 weeks in the preceding calendar year.

Wages paid to a child under 18 working on a farm that is a sole proprietorship or a partnership in which each partner is a parent of a child aren't subject to social security and Medicare taxes. However, these wages count toward the \$2,500 test for determining whether other farmworkers' wages are subject to social security and Medicare taxes.

Deducting the tax. Deduct the employee tax from each wage payment. If you're not sure that the wages that you pay to a farmworker during the year will be taxable, you may either deduct the tax when you make the payments or wait until the \$2,500 test or the \$150 test discussed earlier has been met.

Tax rates and the social security wage base limit. Social security and Medicare taxes have different rates and only the social security tax has a wage base limit. The wage base limit is the maximum wage subject to the tax for the year. Determine the amount of withholding for social security and Medicare taxes by multiplying each payment by the employee tax rate.

For 2024, the social security tax rate is 6.2% (amount withheld) each for the employer and employee (12.4% total). The social security wage base limit is \$168,600. The tax rate for Medicare is 1.45% (amount withheld) each for the employee and employer (2.9% total). There is no wage base limit for Medicare tax; all covered wages are subject to Medicare tax.

Additional Medicare Tax withholding. In addition to withholding Medicare tax at 1.45%, you must withhold a 0.9% Additional Medicare Tax from wages you pay to an employee in excess of \$200,000 in a calendar year. You're required to begin withholding Additional Medicare Tax in the pay period in which you pay wages in excess of \$200,000 to an employee and continue to withhold it each pay period until the end of the calendar year. Additional Medicare Tax is only imposed on the employee. There is no employer share of Additional Medicare Tax. All wages that are subject to Medicare tax are subject to Additional

Medicare Tax withholding if paid in excess of the \$200,000 withholding threshold.

For more information on what wages are subject to Medicare tax, see [section 15](#). For more information on Additional Medicare Tax, go to [IRS.gov/ADMTfaqs](https://www.irs.gov/ADMTfaqs).

Successor employer. When corporate acquisitions meet certain requirements, wages paid by the predecessor are treated as if paid by the successor for purposes of applying the social security wage base and for applying the Additional Medicare Tax withholding threshold (that is, \$200,000 in a calendar year). You should determine whether or not you should file Schedule D (Form 941), Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations, by reviewing the Instructions for Schedule D (Form 941). See Regulations section 31.3121(a)(1)-1(b) for more information. Also see Revenue Procedure 2004-53, 2004-34 I.R.B. 320, available at [IRS.gov/irb/2004-34_IRB#RP-2004-53](https://www.irs.gov/irb/2004-34_IRB#RP-2004-53).

Example. Early in 2024, you bought all of the assets of a plumbing business from Mr. Martin. Mr. Brown, who had been employed by Mr. Martin and received \$2,000 in wages before the date of purchase, continued to work for you. The wages you paid to Mr. Brown are subject to social security taxes on the first \$166,600 (\$168,600 minus \$2,000). Medicare tax is due on all of the wages you pay Mr. Brown during the calendar year. You should include the \$2,000 Mr. Brown received while employed by Mr. Martin in determining whether Mr. Brown's wages exceed the \$200,000 for Additional Medicare Tax withholding threshold.

Employee's portion of taxes paid by employer. If you pay your employee's social security and Medicare taxes without deducting them from the employee's pay, you must include the amount of the payments in the employee's wages for social security and Medicare taxes. This increase in the employee's wage payment for your payment of the employee's social security and Medicare taxes is also subject to employee social security and Medicare taxes. This again increases the amount of the additional taxes that you must pay. For more information, see Revenue Ruling 86-14, 1986-1 C.B. 304, and Pub. 15-A.

Household and agricultural employers. If you would rather pay a household or agricultural employee's share of the social security and Medicare taxes without withholding them from the employee's wages, you may do so. If you don't withhold the taxes, however, you must still pay them on behalf of the employee. Any **employee** social security and Medicare taxes that you pay are additional income to the employee. Include it in box 1 of the employee's Form W-2 (box 7 of Form 499R-2/W-2PR), but don't count it as social security and Medicare wages and don't include it in boxes 3 and 5 (boxes 20 and 22 of Form 499R-2/W-2PR). Also, don't count the additional income as wages for FUTA tax purposes. Different rules apply to employer payments of social security and Medicare taxes for non-household and non-agricultural employees. See section 7 of Pub. 15-A.

Example. Gavrielle operates a small family fruit farm. Gavrielle employs day laborers in the picking season to allow Gavrielle time to get the crops to market. Gavrielle doesn't deduct the employees' share of social security and Medicare taxes from their pay; instead, Gavrielle pays it on their behalf. When Gavrielle prepares the employees' Forms W-2, Gavrielle adds each employee's share of social security and Medicare taxes that Gavrielle paid to the employee's wage income (box 1 of Form W-2), but doesn't include it in box 3 (social security wages) or box 5 (Medicare wages and tips).

For 2024, Gavrielle paid Dan \$1,000 during the year. Gavrielle enters \$1,076.50 in box 1 of Dan's Form W-2 (\$1,000 wages plus \$76.50 social security and Medicare taxes paid for Dan). Gavrielle enters \$1,000.00 in boxes 3 and 5 of Dan's Form W-2.

Sick pay payments. Social security and Medicare taxes apply to most payments of sick pay, including payments made by third parties such as insurance companies. For details on third-party payers of sick pay, see Pub. 15-A.

Motion picture project employers. All wages paid by a motion picture project employer to a motion picture project worker during a calendar year are subject to a single social security tax wage base (\$168,600 for 2024) and a single FUTA tax wage base (\$7,000 for 2024) regardless of the worker's status as a common-law employee of multiple clients of the motion picture project employer. For more information, including the definition of a motion picture project employer and a motion picture project worker, see section 3512.

Withholding social security and Medicare taxes on nonresident alien employees. In general, if you pay wages to nonresident alien employees, you must withhold social security and Medicare taxes as you would for a U.S. citizen or resident alien. However, see Pub. 515 for exceptions to this general rule. One such exception is for foreign agricultural workers on H-2A visas, who are exempt from social security and Medicare taxes. See [Compensation paid to H-2A visa holders](#) in section 5.

International social security agreements. The United States has social security agreements, also known as totalization agreements, with many countries that eliminate dual social security coverage and taxation. Compensation subject to social security and Medicare taxes may be exempt under one of these agreements. You can get more information and a list of agreement countries from the SSA at [SSA.gov/international](#). Also see Pub. 519, U.S. Tax Guide for Aliens.

Religious exemption. An exemption from social security and Medicare taxes is available to members of a recognized religious sect opposed to insurance. This exemption is available only if both the employee and the employer are members of the sect. For more information, see Pub. 517.

Foreign persons treated as American employers. Under section 3121(z), a foreign person who meets both of

the following conditions is generally treated as an American employer for purposes of paying FICA taxes on wages paid to an employee who is a U.S. citizen or resident.

1. The foreign person is a member of a domestically controlled group of entities.
2. The employee of the foreign person performs services in connection with a contract between the U.S. Government (or an instrumentality of the U.S. Government) and any member of the domestically controlled group of entities. Ownership of more than 50% constitutes control.

Part-Time Workers

Part-time workers and workers hired for short periods of time are treated the same as full-time employees for federal income tax withholding and social security, Medicare, and FUTA tax purposes.

Generally, it doesn't matter whether the part-time worker or worker hired for a short period of time has another job or has the maximum amount of social security tax withheld by another employer. See [Successor employer](#), earlier in this section, for an exception to this rule.

Income tax withholding may be figured the same way as for full-time workers or it may be figured by the part-year employment method explained in section 6 of Pub. 15-T.

10. Required Notice to Employees About the Earned Income Credit (EIC)

You must notify employees, except for employees in American Samoa, Guam, Puerto Rico, the CNMI, and the USVI, who have no federal income tax withheld that they may be able to claim a tax refund because of the EIC. Although you don't have to notify employees who claim exemption from withholding on Form W-4 about the EIC, you're encouraged to notify any employees whose wages for 2023 were less than \$56,838 (\$63,398 if married filing jointly) that they may be eligible to claim the credit for 2023. This is because eligible employees may get a refund of the amount of the EIC that is more than the tax they owe.

You'll meet this notification requirement if you issue the employee Form W-2 with the EIC notice on the back of Copy B, or a substitute Form W-2 with the same statement. You'll also meet the requirement by providing Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit (EIC), or your own statement that contains the same wording.

If a substitute for Form W-2 is given to the employee on time but doesn't have the required statement, you must notify the employee within 1 week of the date the substitute for Form W-2 is given. If Form W-2 is required but isn't

given on time, you must give the employee Notice 797 or your written statement by the date Form W-2 is required to be given. If Form W-2 isn't required, you must notify the employee by February 7, 2024.

11. Depositing Taxes

Generally, you must deposit federal income tax withheld and both the employer and employee social security and Medicare taxes. You must use EFT to make all federal tax deposits. See [How To Deposit](#), later in this section, for information on electronic deposit requirements.

Payment with return. You may make a payment with a timely filed Form 941, Form 943, Form 944, or Form 945 instead of depositing, without incurring a penalty, if one of the following applies.

- You're a monthly schedule depositor (defined later) and make a payment in accordance with the [Accuracy of Deposits Rule](#), discussed later in this section. This payment may be \$2,500 or more.
- Your Form 941 total tax liability (Form 941, line 12) for either the current quarter or the prior quarter is less than \$2,500, and you didn't incur a \$100,000 next-day deposit obligation during the current quarter. However, if you're unsure that your total tax liability for the current quarter will be less than \$2,500 (and your liability for the prior quarter wasn't less than \$2,500), make deposits using the semiweekly or monthly rules so you won't be subject to an FTD penalty.
- Your Form 943 total tax liability (Form 943, line 13) for the year is less than \$2,500. However, if you're unsure that you will report less than \$2,500, deposit under the rules explained in this section so that you won't be subject to an FTD penalty.
- Your Form 944 total tax liability for the year (Form 944, line 9) is less than \$2,500, or your Form 944 total tax liability for the year (Form 944, line 9) is \$2,500 or more and you already deposited the taxes you owed for the first, second, and third quarters of the year; your net tax for the fourth quarter is less than \$2,500; and you're paying, in full, the tax you owe for the fourth quarter with a timely filed return.
- Your Form 945 total tax liability (Form 945, line 3) for the year is less than \$2,500. However, if you're unsure that you will report less than \$2,500, deposit under the rules explained in this section so that you won't be subject to an FTD penalty.

Separate deposit requirements for nonpayroll (Form 945) tax liabilities. Separate deposits are required for nonpayroll and payroll income tax withholding. Don't combine deposits for Forms 941 (Form 943 or Form 944) and Form 945 tax liabilities. Generally, the deposit rules for nonpayroll liabilities are the same as discussed next, except the rules apply to an annual rather than a quarterly return period. If the total amount of tax for the year reported on Form 945 is less than \$2,500, you're not required to

make deposits during the year. See the separate Instructions for Form 945 for more information.

Separate deposit requirements for employers of both farm and nonfarm workers. If you employ both farm and nonfarm workers, you must treat employment taxes for the farmworkers (Form 943 taxes) separately from employment taxes for the nonfarm workers (Form 941/944 taxes). Form 943 taxes and Form 941/944 taxes aren't combined for purposes of applying any of the deposit schedule rules. If a deposit is due, deposit the Form 941/944 taxes and the Form 943 taxes by making separate deposits. For example, if you're a monthly schedule depositor for both Form 941/944 taxes and Form 943 taxes and your tax liability at the end of April is \$1,500 reportable on Form 941/944 and \$1,200 reportable on Form 943, deposit both amounts by May 15. Use one transaction to deposit the \$1,500 of Form 941/944 taxes and another transaction to deposit the \$1,200 of Form 943 taxes.

When To Deposit

There are two deposit schedules—monthly and semiweekly—for determining when you deposit social security, Medicare, and withheld federal income taxes. These schedules tell you when a deposit is due after a tax liability arises. Your tax liability is based on the dates payments were made or wages were paid. For taxable noncash fringe benefits, see [When taxable fringe benefits are treated as paid](#) in section 5. Before the beginning of each calendar year, you must determine which of the two deposit schedules you're required to use. The deposit schedule you must use is based on the total tax liability you reported on Forms 941, line 12; Form 943, line 13; Form 944, line 9; or Form 945, line 3, during a lookback period, discussed next. Your deposit schedule isn't determined by how often you pay your employees or make deposits. See special rules for Forms 943, 944, and 945, later in this section. Also see [Application of Monthly and Semiweekly Schedules](#), later in this section.



These rules don't apply to FUTA tax. See [section 14](#) for information on depositing FUTA tax.

Lookback period. If you're a Form 941 filer, your deposit schedule for a calendar year is determined from the total taxes reported on Forms 941, line 12, in a 4-quarter lookback period. The lookback period begins July 1 and ends June 30 as shown next in Table 1. If you reported \$50,000 or less of taxes for the lookback period, you're a monthly schedule depositor; if you reported more than \$50,000, you're a semiweekly schedule depositor.

Table 1. Lookback Period for Calendar Year 2024

July 1, 2022, through Sept. 30, 2022	Oct. 1, 2022, through Dec. 31, 2022	Jan. 1, 2023, through Mar. 31, 2023	Apr. 1, 2023, through June 30, 2023
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The lookback period for a 2024 Form 941 filer who filed Form 944 in either 2022 or 2023 is calendar year 2022.

If you're a Form 943 or Form 944 filer for the current year or either of the preceding 2 years, your deposit schedule for a calendar year is determined from the total taxes reported during the second preceding calendar year (either on your Forms 941 for all 4 quarters of that year, your Form 943 for that year, or your Form 944 for that year). The lookback period for 2024 for a Form 943 or Form 944 filer is calendar year 2022. If you reported \$50,000 or less of taxes for the lookback period, you're a monthly schedule depositor; if you reported more than \$50,000, you're a semiweekly schedule depositor.

If you're a Form 945 filer, your deposit schedule for a calendar year is determined from the total taxes reported on line 3 of your Form 945 for the second preceding calendar year. The lookback period for 2024 for a Form 945 filer is calendar year 2022.



Your total tax liability for the lookback period is determined based on the amount of taxes you reported on Forms 941, line 12; Form 943, line 13; or Form 944, line 9. Your total liability isn't reduced by the refundable portion of the credit for qualified sick and family leave wages, or the refundable portion of the COBRA premium assistance credit. For more information about these credits, see the instructions for your employment tax return that were applicable during the lookback period.

Adjustments and the lookback rule. Adjustments made on Form 941-X, Form 943-X, Form 944-X, and Form 945-X don't affect the amount of tax liability for previous periods for purposes of the lookback rule.

Example. An employer originally reported a tax liability of \$45,000 for the lookback period. The employer discovered, during January 2024, that the tax reported for one of the lookback period quarters was understated by \$10,000 and corrected this error by filing Form 941-X. This employer is a monthly schedule depositor for 2024 because the lookback period tax liabilities are based on the amounts originally reported, and they were \$50,000 or less. The \$10,000 adjustment is also not treated as part of the 2024 taxes.

Deposit period. The term "deposit period" refers to the period during which tax liabilities are accumulated for each required deposit due date. For monthly schedule depositors, the deposit period is a calendar month. The deposit periods for semiweekly schedule depositors are Wednesday through Friday and Saturday through Tuesday.



If you're an agent with an approved Form 2678, the deposit rules apply to you based on the total employment taxes accumulated by you for your own employees and on behalf of all employers for whom you're authorized to act. For more information on an agent with an approved Form 2678, see Revenue Procedure 2013-39, 2013-52 I.R.B. 830, available at [IRS.gov/irb/2013-52_IRB#RP-2013-39](https://www.irs.gov/irb/2013-52_IRB#RP-2013-39).

Monthly Deposit Schedule

For Form 941 filers, you're a monthly schedule depositor for a calendar year if the total taxes on Forms 941, line 12, for the 4 quarters in your lookback period were \$50,000 or less. For Form 943, Form 944, or Form 945 filers, you're a monthly schedule depositor for a calendar year if the total taxes on Form 943, line 13; Form 944, line 9; or Form 945, line 3, during your lookback period were \$50,000 or less. Under the monthly deposit schedule, deposit employment taxes on payments made during a month by the 15th day of the following month. See also [Deposits Due on Business Days Only](#) and [\\$100,000 Next-Day Deposit Rule](#), later in this section. Monthly schedule depositors shouldn't file Form 941, Form 943, Form 944, or Form 945 on a monthly basis.

New employers. For Form 941 filers, your tax liability for any quarter in the lookback period before you started or acquired your business is considered to be zero. Therefore, you're a monthly schedule depositor for the first calendar year of your business. For Form 943, Form 944, or Form 945 filers, your tax liability in the lookback period before you started or acquired your business is considered to be zero. Therefore, you're a monthly schedule depositor for the first and second calendar years of your business. However, see [\\$100,000 Next-Day Deposit Rule](#), later in this section.

Semiweekly Deposit Schedule

For Form 941 filers, you're a semiweekly schedule depositor for a calendar year if the total taxes on Forms 941, line 12, during your lookback period were more than \$50,000. For Form 943, Form 944, or Form 945 filers, you're a semiweekly schedule depositor for a calendar year if the total taxes on Form 943, line 13; Form 944, line 9; or Form 945, line 3, during your lookback period were more than \$50,000. Under the semiweekly deposit schedule, deposit employment taxes for payments made on Wednesday, Thursday, and/or Friday by the following Wednesday. Deposit taxes for payments made on Saturday, Sunday, Monday, and/or Tuesday by the following Friday. See also [Deposits Due on Business Days Only](#), later in this section.



Semiweekly schedule depositors must complete Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors, and submit it with Form 941. If you file Form 943 and are a semiweekly schedule depositor, complete Form 943-A, Agricultural Employer's Record of Federal Tax Liability, and submit it with Form 943. If you file Form 944 or Form 945 and are a semiweekly schedule depositor, complete Form 945-A, Annual Record of Federal Tax Liability, and submit it with your return.

Table 2. Semiweekly Deposit Schedule

IF the payday falls on a...	THEN deposit taxes by the following...
Wednesday, Thursday, and/or Friday	Wednesday.
Saturday, Sunday, Monday, and/or Tuesday	Friday.

Semiweekly deposit period spanning 2 quarters (Form 941 filers). If you have more than 1 pay date during a semiweekly period and the pay dates fall in different calendar quarters, you'll need to make **separate deposits** for the separate liabilities.

Example. If you have a pay date on Saturday, March 30, 2024 (first quarter), and another pay date on Monday, April 1, 2024 (second quarter), two separate deposits would be required even though the pay dates fall within the same semiweekly period. Both deposits would be due Friday, April 5, 2024.

Semiweekly deposit period spanning 2 return periods (Form 943, Form 944, or Form 945 filers). The period covered by a return is the return period. The return period for annual Forms 943, 944, and 945 is a calendar year. If you have more than one pay date during a semiweekly period and the pay dates fall in different return periods, you'll need to make separate deposits for the separate liabilities. For example, if a return period ends on Thursday, taxes accumulated on Wednesday and Thursday are subject to one deposit obligation, and taxes accumulated on Friday are subject to a separate obligation. Separate deposits are required because two different return periods are affected.

Summary of Steps To Determine Your Deposit Schedule

1. Identify your lookback period (see [Lookback period](#), earlier in this section).
2. Add the total taxes you reported on Forms 941, line 12, during the lookback period.
3. Determine if you're a monthly or semiweekly schedule depositor:

IF the total taxes you reported in the lookback period were...	THEN you're a...
\$50,000 or less	monthly schedule depositor.
more than \$50,000	semiweekly schedule depositor.

Example of Monthly and Semiweekly Schedules

Rose Co. reported Form 941 taxes as follows.

2023 Lookback Period		2024 Lookback Period	
3rd Quarter 2021	\$12,000	3rd Quarter 2022	\$12,000
4th Quarter 2021	12,000	4th Quarter 2022	12,000
1st Quarter 2022	12,000	1st Quarter 2023	12,000
2nd Quarter 2022	12,000	2nd Quarter 2023	15,000
	\$48,000		\$51,000

Rose Co. is a monthly schedule depositor for 2023 because its tax liability for the 4 quarters in its lookback period (third quarter 2021 through second quarter 2022) wasn't more than \$50,000. However, for 2024, Rose Co. will be a semiweekly schedule depositor because the total taxes exceeded \$50,000 for the 4 quarters in its lookback period (third quarter 2022 through second quarter 2023).

Example for employers of farmworkers. Red Co. reported taxes on its 2022 Form 943, line 13, of \$48,000. On its 2023 Form 943, line 13, it reported taxes of \$60,000.

Red Co. is a monthly schedule depositor for 2024 because its taxes for its lookback period (\$48,000 for calendar year 2022) weren't more than \$50,000. However, for 2025, Red Co. is a semiweekly schedule depositor because the total taxes for its lookback period (\$60,000 for calendar year 2023) exceeded \$50,000.

Deposits Due on Business Days Only

If a deposit is required to be made on a day that isn't a business day, the deposit is considered timely if it is made by the close of the next business day. A business day is any day other than a Saturday, Sunday, or legal holiday. For example, if a deposit is required to be made on a Friday and Friday is a legal holiday, the deposit will be considered timely if it is made by the following Monday (if that Monday is a business day).

Semiweekly schedule depositors have at least 3 business days following the close of the semiweekly period to make a deposit. If any of the 3 weekdays after the end of a semiweekly period is a legal holiday, you'll have an additional day for each day that is a legal holiday to make the required deposit. For example, if a semiweekly schedule depositor accumulated taxes for payments made on Friday and the following Monday is a legal holiday, the deposit normally due on Wednesday may be made on Thursday (this allows 3 business days to make the deposit).

Legal holiday. The term "legal holiday" means any legal holiday in the District of Columbia. For purposes of the deposit rules, the term "legal holiday" doesn't include other statewide legal holidays. Legal holidays for 2024 are listed next.

- January 1—New Year's Day
- January 15—Birthday of Martin Luther King, Jr.
- February 19—Washington's Birthday
- April 16—District of Columbia Emancipation Day
- May 27—Memorial Day
- June 19—Juneteenth National Independence Day

- July 4—Independence Day
- September 2—Labor Day
- October 14—Indigenous Peoples' Day (Columbus Day)
- November 11—Veterans Day
- November 28—Thanksgiving Day
- December 25—Christmas Day

Application of Monthly and Semiweekly Schedules

The terms “monthly schedule depositor” and “semiweekly schedule depositor” don't refer to how often your business pays its employees or even how often you're required to make deposits. The terms identify which set of deposit rules you must follow when an employment tax liability arises. The deposit rules are based on the dates when wages are paid (cash basis), not on when tax liabilities are accrued for accounting purposes.

Monthly schedule example. Spruce Co. is a monthly schedule depositor with seasonal employees. It paid wages each Friday during January but didn't pay any wages during February. Under the monthly deposit schedule, Spruce Co. must deposit the combined tax liabilities for the January paydays by February 15. Spruce Co. doesn't have a deposit requirement for February (due by March 15) because no wages were paid and, therefore, it didn't have a tax liability for February.

Semiweekly schedule example. Green, Inc., is a semiweekly schedule depositor and pays wages once each month on the last Friday of the month. Although Green, Inc., has a semiweekly deposit schedule, it will deposit just once a month because it pays wages only once a month. The deposit, however, will be made under the semiweekly deposit schedule as follows: Green, Inc.'s tax liability for the April 26, 2024 (Friday), payday must be deposited by May 1, 2024 (Wednesday). Under the semiweekly deposit schedule, liabilities for wages paid on Wednesday through Friday must be deposited by the following Wednesday.

\$100,000 Next-Day Deposit Rule

If you accumulate \$100,000 or more in taxes on any day during a monthly or semiweekly deposit period (see [Deposit period](#), earlier in this section), you must deposit the tax by the next business day, whether you're a monthly or semiweekly schedule depositor.

For purposes of the \$100,000 rule, don't continue accumulating a tax liability after the end of a deposit period. For example, if a semiweekly schedule depositor has accumulated a liability of \$95,000 on a Tuesday (of a Saturday-through-Tuesday deposit period) and accumulated a \$10,000 liability on Wednesday, the \$100,000 next-day deposit rule doesn't apply because the \$10,000 is accumulated in the next deposit period. Thus, \$95,000 must be

deposited by Friday and \$10,000 must be deposited by the following Wednesday.

However, once you accumulate at least \$100,000 in a deposit period, stop accumulating at the end of that day and begin to accumulate anew on the next day. For example, Fir Co. is a semiweekly schedule depositor. On Monday, Fir Co. accumulates taxes of \$110,000 and must deposit this amount on Tuesday, the next business day. On Tuesday, Fir Co. accumulates additional taxes of \$30,000. Because the \$30,000 isn't added to the previous \$110,000 and is less than \$100,000, Fir Co. must deposit the \$30,000 by Friday (following the semiweekly deposit schedule).



If you're a monthly schedule depositor and accumulate a \$100,000 tax liability on any day during the deposit period, you become a semiweekly schedule depositor on the next day and remain so for at least the rest of the calendar year and for the following calendar year.

Example. Elm, Inc., started its business on May 6, 2024. On Wednesday, May 8, it paid wages for the first time and accumulated a tax liability of \$40,000. On Friday, May 10, Elm, Inc., paid wages and accumulated a liability of \$60,000, bringing its total accumulated tax liability to \$100,000. Because this was the first year of its business, the tax liability for its lookback period is considered to be zero, and it would be a monthly schedule depositor based on the lookback rules. However, since Elm, Inc., accumulated a \$100,000 liability on May 10, it became a semiweekly schedule depositor on May 11. It will be a semiweekly schedule depositor for the remainder of 2024 and for 2025. Elm, Inc., is required to deposit the \$100,000 by Monday, May 13, the next business day.



The \$100,000 tax liability threshold requiring a next-day deposit is determined before you consider any reduction of your liability for nonrefundable credits.

Accuracy of Deposits Rule

You're required to deposit 100% of your tax liability on or before the deposit due date. However, penalties won't be applied for depositing less than 100% if both of the following conditions are met.

- Any deposit shortfall doesn't exceed the greater of \$100 or 2% of the amount of taxes otherwise required to be deposited.
- The deposit shortfall is paid or deposited by the shortfall makeup date as described next.

Makeup Date for Deposit Shortfall:

1. **Monthly schedule depositor.** Deposit the shortfall or pay it with your return by the due date of your return for the return period in which the shortfall occurred. You may pay the shortfall with your return even if the amount is \$2,500 or more.

2. **Semiweekly schedule depositor.** Deposit by the earlier of:
- The first Wednesday or Friday (whichever comes first) that falls on or after the 15th day of the month following the month in which the shortfall occurred, or
 - The due date of your return (for the return period of the tax liability).

For example, if a semiweekly schedule depositor has a deposit shortfall during February 2024, the shortfall makeup date is March 15, 2024 (Friday). However, if the shortfall occurred on the required October 2, 2024 (Wednesday), deposit due date for the September 27, 2024 (Friday), pay date, the return due date for the September 27 pay date (October 31, 2024) would come before the November 15, 2024 (Friday), shortfall makeup date. In this case, the shortfall must be deposited by October 31, 2024.

How To Deposit

You must deposit employment taxes, including Form 945 taxes, by EFT. See [Payment with return](#), earlier in this section, for exceptions explaining when taxes may be paid with the tax return instead of being deposited.

Electronic deposit requirement. You must use EFT to make all federal tax deposits. Generally, an EFT is made using EFTPS. If you don't want to use EFTPS, you can arrange for your tax professional, financial institution, payroll service, or other trusted third party to make electronic deposits on your behalf. EFTPS is a free service provided by the Department of the Treasury. To get more information about EFTPS or to enroll in EFTPS, go to [EFTPS.gov](https://eftps.gov) or call 800-555-4477, 800-244-4829 (Spanish), or 303-967-5916 (toll call). To contact EFTPS using TRS for people who are deaf, hard of hearing, or have a speech disability, dial 711 and then provide the TRS assistant the 800-555-4477 number or 800-733-4829. Additional information about EFTPS is also available in Pub. 966.

When you receive your EIN. If you're a new employer that indicated a federal tax obligation when requesting an EIN, you'll be pre-enrolled in EFTPS. You'll receive information about Express Enrollment in your Employer Identification Number (EIN) Package and an additional mailing containing your EFTPS personal identification number (PIN) and instructions for activating your PIN. Call the toll-free number located in your "How to Activate Your Enrollment" brochure to activate your enrollment and begin making your payroll tax deposits. If you outsource any of your payroll and related tax duties to a third-party payer, such as a payroll service provider (PSP) or reporting agent, be sure to tell them about your EFTPS enrollment.

Deposit record. For your records, an EFT Trace Number will be provided with each successful payment. The number can be used as a receipt or to trace the payment.

Depositing on time. For deposits made by EFTPS to be on time, you must submit the deposit by 8 p.m. Eastern time the day before the date the deposit is due. If you use a third party to make a deposit on your behalf, they may have different cutoff times.

Same-day wire payment option. If you fail to submit a deposit transaction on EFTPS by 8 p.m. Eastern time the day before the date a deposit is due, you can still make your deposit on time by using the Federal Tax Collection Service (FTCS) to make a same-day wire payment. To use the same-day wire payment method, you'll need to make arrangements with your financial institution ahead of time. Please check with your financial institution regarding availability, deadlines, and costs. Your financial institution may charge you a fee for payments made this way. To learn more about the information you'll need to give to your financial institution to make a same-day wire payment, go to [IRS.gov/SameDayWire](https://irs.gov/SameDayWire).

How to claim credit for overpayments. If you deposited more than the right amount of taxes for a quarter, you can choose on Form 941 for that quarter (or on Form 943, Form 944, or Form 945 for that year) to have the overpayment refunded or applied as a credit to your next return. Don't ask EFTPS to request a refund from the IRS for you.

Deposit Penalties

TIP *Although the deposit penalties information provided next refers specifically to Form 941, these rules also apply to Form 943, Form 944, and Form 945. The penalties won't apply if the employer qualifies for the exceptions to the deposit requirements discussed under [Payment with return](#), earlier in this section).*

Penalties may apply if you don't make required deposits on time or if you make deposits for less than the required amount. The penalties don't apply if any failure to make a proper and timely deposit was due to reasonable cause and not to willful neglect. If you receive a penalty notice, you can provide an explanation of why you believe reasonable cause exists.

If you timely filed your employment tax return, the IRS may also waive deposit penalties if you inadvertently failed to deposit and it was the first quarter that you were required to deposit any employment tax, or if you inadvertently failed to deposit the first time after your deposit frequency changed. You must also meet the net worth and size limitations applicable to awards of administrative and litigation costs under section 7430; for individuals, this means that your net worth can't exceed \$2 million, and for businesses, your net worth can't exceed \$7 million and you also can't have more than 500 employees.

The IRS may also waive the deposit penalty the first time you're required to make a deposit if you inadvertently send the payment to the IRS rather than deposit it by EFT.

For amounts not properly or timely deposited, the penalty rates are as follows.

Penalty	Charged for...
2%	Deposits made 1 to 5 days late.
5%	Deposits made 6 to 15 days late.
10%	Deposits made 16 or more days late, but before 10 days from the date of the first notice the IRS sent asking for the tax due.
10%	Amounts that should have been deposited, but instead were paid directly to the IRS, or paid with your tax return. But see Payment with return , earlier in this section, for exceptions.
15%	Amounts still unpaid more than 10 days after the date of the first notice the IRS sent asking for the tax due or the day on which you received notice and demand for immediate payment, whichever is earlier.

Late deposit penalty amounts are determined using calendar days, starting from the due date of the liability.

Special rule for former Form 944 filers. If you filed Form 944 for the prior year and file Forms 941 for the current year, the FTD penalty won't apply to a late deposit of employment taxes for January of the current year if the taxes are deposited in full by March 15 of the current year.

Order in which deposits are applied. Deposits are generally applied to the most recent tax liability within the quarter. If you receive an FTD penalty notice, you may designate how your deposits are to be applied in order to minimize the amount of the penalty if you do so within 90 days of the date of the notice. Follow the instructions on the penalty notice you receive. For more information on designating deposits, see Revenue Procedure 2001-58. You can find Revenue Procedure 2001-58 on page 579 of Internal Revenue Bulletin 2001-50 at [IRS.gov/pub/irs-irbs/irb01-50.pdf](https://www.irs.gov/pub/irs-irbs/irb01-50.pdf).

Example. Cedar, Inc., is required to make a deposit of \$1,000 on February 15 and \$1,500 on March 15. It doesn't make the deposit on February 15. On March 15, Cedar, Inc., deposits \$2,000. Under the deposits rule, which applies deposits to the most recent tax liability, \$1,500 of the deposit is applied to the March 15 deposit and the remaining \$500 is applied to the February deposit. Accordingly, \$500 of the February 15 liability remains undeposited. The penalty on this underdeposit will apply as explained earlier.

Trust fund recovery penalty. If federal income, social security, or Medicare taxes that must be withheld (that is, trust fund taxes) aren't withheld or aren't deposited or paid to the U.S. Treasury, the trust fund recovery penalty may apply. The penalty is 100% of the unpaid trust fund tax. If these unpaid taxes can't be immediately collected from the employer or business, the trust fund recovery penalty may be imposed on all persons who are determined by the IRS to be responsible for collecting, accounting for, or paying over these taxes, and who acted willfully in not doing so. The trust fund recovery penalty won't apply to any amount of trust fund taxes an employer holds back in anticipation of any credits they are entitled to.

A **responsible person** can be an officer or employee of a corporation, a partner or employee of a partnership, an accountant, a volunteer director/trustee, or an

employee of a sole proprietorship, or any other person or entity that is responsible for collecting, accounting for, or paying over trust fund taxes. A responsible person may also include one who signs checks for the business or otherwise has authority to cause the spending of business funds.

Willfully means voluntarily, consciously, and intentionally. A responsible person acts willfully if the person knows the required actions of collecting, accounting for, or paying over trust fund taxes aren't taking place, or recklessly disregards obvious and known risks to the government's right to receive trust fund taxes.

Separate accounting when deposits aren't made or withheld taxes aren't paid. Separate accounting may be required if you don't pay over withheld employee social security, Medicare, or income taxes; deposit required taxes; make required payments; or file tax returns. In this case, you would receive written notice from the IRS requiring you to deposit taxes into a special trust account for the U.S. Government.



You may be charged with criminal penalties if you don't comply with the special bank deposit requirements for the special trust account for the U.S. Government.

"Averaged" FTD penalty. The IRS may assess an "averaged" FTD penalty of 2% to 10% if you're a monthly schedule depositor and didn't properly complete Form 941, line 16; Form 943, line 17; Form 944, line 13; or Form 945, line 7, when your tax liability shown on Form 941, line 12; Form 943, line 13; Form 944, line 9; or Form 945, line 3, equaled or exceeded \$2,500.

The IRS may also assess an "averaged" FTD penalty of 2% to 10% if you're a semiweekly schedule depositor and your tax liability shown on Form 941, line 12; Form 943, line 13; Form 944, line 9; or Form 945, line 3, equaled or exceeded \$2,500 and you:

- Completed Form 941, line 16, instead of Schedule B (Form 941); Form 943, line 17, instead of Form 943-A; Form 944, line 13, instead of Form 945-A; or Form 945, line 7, instead of Form 945-A;
- Failed to attach a properly completed Schedule B (Form 941); Form 943-A, or Form 945-A, as applicable; or
- Improperly completed Schedule B (Form 941), Form 943-A, or Form 945-A by, for example, entering tax deposits instead of tax liabilities in the numbered spaces.

The FTD penalty is figured by distributing your total tax liability shown on Form 941, line 12; Form 943, line 13; Form 944, line 9; or Form 945, line 3, equally throughout the tax period. Then we apply your deposits and payments to the averaged liabilities in the date order we received your deposits. We figure the penalty on any tax not deposited, deposited late, or not deposited in the correct amounts. Your deposits and payments may not be counted as timely because the actual dates of your tax liabilities can't be accurately determined.

You can avoid an "averaged" FTD penalty by reviewing your return before you file it. Follow these steps before submitting your Form 941, Form 943, Form 944, or Form 945.

- If you're a monthly schedule depositor, report your tax liabilities (not your deposits) in the monthly entry spaces on Form 941, line 16; Form 943, line 17; Form 944, line 13; or Form 945, line 7.
- If you're a semiweekly schedule depositor, report your tax liabilities (not your deposits) on Schedule B (Form 941), Form 943-A, or Form 945-A, as applicable, on the lines that represent the dates your employees were paid.
- Verify that your total liability shown on Form 941, line 16, or the bottom of Schedule B (Form 941) equals your tax liability shown on Form 941, line 12.
- Verify that your total liability shown on Form 943, line 17, or Form 943-A, line M, equals your tax liability shown on Form 943, line 13.
- Verify that your total liability shown on Form 944, line 13, or Form 945-A, line M, equals your tax liability shown on Form 944, line 9.
- Verify that your total liability shown on Form 945, line 7, or Form 945-A, line M, equals your tax liability shown on Form 945, line 3.
- Don't show negative amounts on Form 941, line 16, or Schedule B (Form 941); Form 943, line 17, or Form 943-A; Form 944, line 13, or Form 945-A; or Form 945, line 7, or Form 945-A.
- For prior period errors, don't adjust your tax liabilities reported on Form 941, line 16, or Schedule B (Form 941); Form 943, line 17, or Form 943-A; Form 944, line 13, or Form 945-A; or Form 945, line 7, or Form 945-A. Instead, file an adjusted return (Form 941-X, 943-X, 944-X, or 945-X) if you're also adjusting your tax liability. If you're only adjusting your deposits in response to an FTD penalty notice, see the Instructions for Schedule B (Form 941), the Instructions for Form 943-A (for Form 943), or the Instructions for Form 945-A (for Forms 944 and 945).



In addition to civil penalties, you may be subject to criminal prosecution (brought to trial) for willfully:

- *Evading tax;*
- *Failing to collect or truthfully account for and pay over tax;*
- *Failing to file a return, supply information, or pay any tax due;*
- *Furnishing false or fraudulent Forms W-2 to employees or failing to furnish Forms W-2;*
- *Committing fraud and providing false statements;*
- *Preparing and filing a fraudulent return; or*
- *Committing identity theft.*

12. Filing Form 941, Form 943, Form 944, or Form 945

Form 941. If you paid wages subject to federal income tax withholding (including withholding on sick pay and supplemental unemployment benefits) or social security and Medicare taxes, you must file Form 941 quarterly even if you have no taxes to report, unless you filed a final return, you receive an IRS notification that you're eligible to file Form 944, or the exceptions discussed later apply. Also, if you're required to file Forms 941 but believe your employment taxes for the calendar year will be \$1,000 or less, and you would like to file Form 944 instead of Forms 941, you must contact the IRS during the first calendar quarter of the tax year to request to file Form 944. You must receive written notice from the IRS to file Form 944 instead of Forms 941 before you may file this form. For more information on requesting to file Form 944, including the methods and deadlines for making a request, see the Instructions for Form 944. Form 941 must be filed by the last day of the month that follows the end of the quarter. However, if you made timely deposits in full payment of your taxes for the quarter, you may file by the 10th day of the 2nd month that follows the end of the quarter. See [Calendar](#), earlier.

Form 943. You must file Form 943 for each calendar year beginning with the first year that you pay \$2,500 or more for farmwork or you employ a farmworker who meets the \$150 test explained under [Social Security and Medicare Taxes](#), in section 9. Don't report these wages on Form 941, Form 944, or Form 945. File your 2023 Form 943 by January 31, 2024. However, if you made timely deposits in full payment of your taxes for the year, you may file by February 12, 2024.

Form 944. If you receive written notification that you qualify for the Form 944 program, you must file Form 944 instead of Forms 941. You must file Form 944 even if you have no taxes to report (or you have taxes in excess of \$1,000 to report) unless you filed a final return for the prior year. If you received notification to file Form 944, but prefer to file Forms 941, you can request to have your filing requirement changed to Forms 941 during the first calendar quarter of the tax year. For more information on requesting to file Forms 941, including the methods and deadlines for making a request, see the Instructions for Form 944. File your 2023 Form 944 by January 31, 2024. However, if you made timely deposits in full payment of your taxes for the year, you may file by February 12, 2024.

Form 945. If you withhold or are required to withhold federal income tax (including backup withholding) from nonpayroll payments, you must file Form 945. You don't have to file Form 945 for those years in which you don't have a nonpayroll tax liability. Don't report on Form 945 withholding that is required to be reported on Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons. File your 2023 Form 945 by January 31, 2024.

However, if you made timely deposits in full payment of your taxes for the year, you may file by February 12, 2024.

Exceptions. The following exceptions apply to the filing requirements for Forms 941 and 944.

- **Seasonal employers who don't have to file Forms 941 for quarters when they have no tax liability because they have paid no wages.** To alert the IRS you won't have to file a return for 1 or more quarters during the year, check the "Seasonal employer" box on Form 941, line 18. When you fill out Form 941, be sure to check the box on the top of the form that corresponds to the quarter reported. Generally, the IRS won't inquire about unfiled returns if at least one taxable return is filed each year. However, you must check the "Seasonal employer" box on **every** Form 941 you file. Otherwise, the IRS will expect a return to be filed for each quarter.
- **Household employers reporting social security and Medicare taxes and/or withheld income tax.** If you file Form 941, Form 943, or Form 944 for business employees, you may include taxes for household employees on your Form 941, Form 943, or Form 944. Otherwise, report social security and Medicare taxes and income tax withholding for household employees on Schedule H (Form 1040). See Pub. 926 for more information.
- **Agricultural employers reporting social security, Medicare, and withheld income taxes.** Report these taxes on Form 943.



Employers that pay Railroad Retirement Tax Act (RRTA) taxes use Form CT-1 to report employment taxes imposed by the RRTA, and Form 941 or Form 944 to report federal income taxes withheld from their employees' wages and other compensation.

E-file. The IRS e-file program allows a taxpayer to electronically file Form 941, Form 943, Form 944, and Form 945 using a computer with an Internet connection and commercial tax preparation software. For more information, go to [IRS.gov/EmploymentEfile](https://www.irs.gov/employmentefile), or call 866-255-0654.

Electronic filing by reporting agents. Reporting agents filing Form Forms 941, 943, 944, or 945 for groups of taxpayers can file them electronically. For details, see Pub. 3112, IRS e-file Application and Participation. For information on electronic filing, see Revenue Procedure 2007-40, 2007-26 I.R.B. 1488, available at [IRS.gov/irb/2007-26_IRB#RP-2007-40](https://www.irs.gov/irb/2007-26_IRB#RP-2007-40). For information on the different types of third-party payer arrangements, see [section 16](#).

Electronic filing by CPEOs. With the exception of the first quarter (Form 941 only) for which a CPEO is certified, CPEOs are required to electronically file Form 941 with Schedule R (Form 941), or, if applicable, Form 943 with Schedule R (Form 943). Under certain circumstances, the IRS may waive the electronic filing requirement. To request a waiver, the CPEO must file a written request using

the IRS Online Registration System for Professional Employer Organizations at least 45 days before the due date of the return for which the CPEO is unable to electronically file. For more information on filing a waiver request electronically, go to [IRS.gov/CPEO](https://www.irs.gov/CPEO). Also see [Revenue Procedure 2023-18](#).

Penalties. For each whole or part month a return isn't filed when required, there is a failure-to-file (FTF) penalty of 5% of the unpaid tax due with that return. The maximum penalty is generally 25% of the tax due. Also, for each whole or part month the tax is paid late, there is a failure-to-pay (FTP) penalty of 0.5% per month of the amount of tax. For individual filers only, the FTP penalty is reduced from 0.5% per month to 0.25% per month if an installment agreement is in effect. You must have filed your return on or before the due date of the return to qualify for the reduced penalty. The maximum amount of the FTP penalty is also 25% of the tax due. If both penalties apply in any month, the FTF penalty is reduced by the amount of the FTP penalty. The penalties won't be charged if you have reasonable cause for failing to file or pay. If you receive a penalty notice, you can provide an explanation of why you believe reasonable cause exists.

Note. In addition to any penalties, interest accrues from the due date of the tax on any unpaid balance.

If income, social security, or Medicare taxes that must be withheld aren't withheld or aren't paid, you may be personally liable for the trust fund recovery penalty. See [Trust fund recovery penalty](#) in section 11.

Generally, the use of a third-party payer, such as a PSP or reporting agent, doesn't relieve an employer of the responsibility to ensure tax returns are filed and all taxes are paid or deposited correctly and on time. However, see [Certified professional employer organization \(CPEO\)](#), in section 16, for an exception.

Don't file more than one return per return period. Employers with multiple locations or divisions must file only one Form 941 per quarter or one Form 944 per year. An agricultural employer must file only one Form 943 per year. A payer of nonpayroll payments that withheld federal income tax or backup withholding must file only one Form 945 per year. Filing more than one return may result in processing delays and may require correspondence between you and the IRS. For information on making adjustments to previously filed returns, see [section 13](#).

Reminders about filing.

- Don't report more than 1 calendar quarter on a Form 941.
- If you need Form 941, Form 943, Form 944, or Form 945, go to [IRS.gov/forms](https://www.irs.gov/forms). Also see [Ordering Employer Tax Forms, Instructions, and Publications](#), earlier.
- Enter your name and EIN on Form 941, Form 943, Form 944, or Form 945. Be sure they're exactly as they appeared on earlier returns.

- See the Instructions for Form 941, Instructions for Form 943, Instructions for Form 944, or Instructions for Form 945 for information on preparing the form.

Final return. If you go out of business, you must file a final return for the last quarter (last year for Form 943, Form 944, or Form 945) in which wages (nonpayroll payments for Form 945) are paid. If you continue to pay wages or other compensation for periods following termination of your business, you must file returns for those periods. See the Instructions for Form 941, Instructions for Form 943, Instructions for Form 944, or Instructions for Form 945 for details on how to file a final return.

If you're required to file a final return, you're also required to furnish Forms W-2 to your employees and file Forms W-2 and W-3 with the SSA by the due date of your final return. Don't send an original or copy of your Form 941, Form 943, or Form 944 to the SSA. See the General Instructions for Forms W-2 and W-3 for more information. Employers in Puerto Rico, see the Instructions for Form W-3PR.

Filing late returns for previous years. Get a copy of Form 941, Form 943, Form 944, or Form 945 (and separate instructions) with a revision date showing the year, and, if applicable, quarter for which your delinquent return is being filed. Prior year and/or quarter Forms 941, 943, 944, and 945 are available, respectively, at [IRS.gov/Form941](https://www.irs.gov/Form941), [IRS.gov/Form943](https://www.irs.gov/Form943), [IRS.gov/Form944](https://www.irs.gov/Form944), and [IRS.gov/Form945](https://www.irs.gov/Form945) (select the link for all form revisions under "Other Items You May Find Useful"). Also, see [Ordering Employer Tax Forms, Instructions, and Publications](#), earlier. Contact the IRS at 800-829-4933 if you have any questions about filing late returns.

Table 3. Social Security and Medicare Tax Rates (for 3 Prior Years)

Calendar Year	Wage Base Limit (each employee)	Tax Rate on Taxable Wages and Tips
2023—Social security	\$160,200	12.4%*
2023—Medicare	All Wages	2.9%
2022—Social security	\$147,000	12.4%*
2022—Medicare	All Wages	2.9%
2021—Social security	\$142,800	12.4%*
2021—Medicare	All Wages	2.9%

* Qualified sick leave wages and qualified family leave wages for leave taken after March 31, 2020, and before April 1, 2021, aren't subject to the employer share of social security tax; therefore, the tax rate on these wages is 6.2% (0.062).

Reconciling Forms W-2 and W-3 with Forms 941, Form 943, or Form 944. When there are discrepancies between Forms 941, Form 943, or Form 944 filed with the IRS and Forms W-2 and W-3 filed with the SSA, the IRS or the SSA may contact you to resolve the discrepancies.

Take the following steps to help reduce discrepancies.

1. Report bonuses as wages and as social security and Medicare wages on Forms W-2 and on Forms 941, Form 943, or Form 944.
2. Report both social security and Medicare wages and taxes separately on Forms W-2 and W-3, and on Forms 941, Form 943, or Form 944.
3. Report the employee share of social security taxes on Form W-2 in the box for social security tax withheld (box 4), not as social security wages. On Form 499R-2/W-2PR, social security tax withheld is reported in box 21.
4. Report the employee share of Medicare taxes on Form W-2 in the box for Medicare tax withheld (box 6), not as Medicare wages. On Form 499R-2/W-2PR, Medicare tax withheld is reported in box 23.
5. Make sure the social security wage amount for each employee doesn't exceed the annual social security wage base limit (\$168,600 for 2024).
6. Don't report noncash wages that aren't subject to social security or Medicare taxes, as discussed earlier under [Wages not paid in money](#) in section 5, as social security or Medicare wages.
7. If you used an EIN on any Forms 941, Form 943, or Form 944 for the year that is different from the EIN reported on Form W-3, enter the other EIN on Form W-3 in the box for "Other EIN used this year" (box h). On Form W-3PR, "Other EIN used this year" is reported in box f.
8. Be sure the amounts on Form W-3 are the total of amounts from Forms W-2.
9. Reconcile Form W-3 with your four quarterly Forms 941, annual Form 943, or annual Form 944 by comparing amounts reported for the following items.
 - a. Federal income tax withheld.
 - b. Social security and Medicare wages.
 - c. Social security and Medicare taxes. Generally, the amounts shown on Forms 941, Form 943, or Form 944, including current year adjustments, should be approximately twice the amounts shown on Form W-3 because Forms 941, Form 943, and Form 944 report both the employer and employee social security and Medicare taxes while Form W-3 reports only the employee taxes.

Don't report backup withholding or withholding on nonpayroll payments, such as pensions, annuities, and gambling winnings, on Forms 941, Form 943, or Form 944. Withholding on nonpayroll payments is reported on Forms 1099 or W-2G and must be reported on Form 945. Only taxes and withholding reported on Form W-2 should be reported on Forms 941, Form 943, or Form 944.

Amounts reported on Forms W-2, W-3, and Forms 941, Form 943, or Form 944 may not match for valid reasons. For example, if you withheld any Additional Medicare Tax from your employee's wages, the amount of Medicare tax that is reported on Forms 941, line 5c, column 2; Form

943, line 5; or Form 944, line 4c, column 2, won't be twice the amount of the Medicare tax withheld that is reported in box 6 of Form W-3 (box 13 of Form W-3PR) because the Additional Medicare Tax is only imposed on the employee; there is no employer share of Additional Medicare Tax. Make sure there are valid reasons for any mismatch. Keep your reconciliation so you'll have a record of why amounts didn't match in case there are inquiries from the IRS or the SSA. See the Instructions for Schedule D (Form 941) if you need to explain any discrepancies that were caused by an acquisition, statutory merger, or consolidation.



When reconciling Forms W-2 and W-3 to Forms 941, Form 943, or Form 944, you should consider that qualified sick leave wages and qualified family leave wages for leave taken after March 31, 2020, and before April 1, 2021, aren't subject to the employer share of social security tax.

13. Reporting Adjustments to Forms 941, Form 943, or Form 944

Current Period Adjustments

In certain cases, amounts reported as social security and Medicare taxes on Form 941, lines 5a–5d, column 2 (Form 943, lines 3, 3a, 3b, 5, and 7; or Form 944, lines 4a–4d, column 2), must be adjusted to arrive at your correct tax liability (for example, excluding amounts withheld by a third-party payer or amounts you weren't required to withhold). Current period adjustments are reported on Form 941, lines 7–9; Form 943, line 10; or Form 944, line 6, and include the following types of adjustments.

Fractions-of-cents adjustment. If there is a small difference between total taxes after adjustments and nonrefundable credits (Form 941, line 12; Form 943, line 13; or Form 944, line 9) and total deposits (Form 941, line 13a; Form 943, line 14a; or Form 944, line 10a), it may have been caused, all or in part, by rounding to the nearest cent each time you figured payroll. This rounding occurs when you figure the amount of social security and Medicare tax to be withheld and deposited from each employee's wages. The IRS refers to rounding differences relating to employee withholding of social security and Medicare taxes as “fractions-of-cents” adjustments. If you pay your taxes with Form 941 (Form 943 or Form 944) instead of making deposits because your total taxes for the quarter (year for Form 943 or Form 944) are less than \$2,500, you may also report a fractions-of-cents adjustment.

To determine if you have a fractions-of-cents adjustment for 2024, multiply the total wages and tips for the quarter subject to:

- Social security tax reported on Form 941, Form 943, or Form 944 by 6.2% (0.062);

- Medicare tax reported on Form 941, Form 943, or Form 944 by 1.45% (0.0145); and
- Additional Medicare Tax reported on Form 941, Form 943, or Form 944 by 0.9% (0.009).

Compare these amounts (the employee share of social security and Medicare taxes) with the total social security and Medicare taxes actually withheld from employees and shown in your payroll records for the quarter (Form 941) or the year (Form 943 or Form 944). If there is a small difference, the amount, positive or negative, may be a fractions-of-cents adjustment. Fractions-of-cents adjustments are reported on Form 941, line 7; Form 943, line 10; or Form 944, line 6. If the actual amount withheld is less, report a negative adjustment using a minus sign (if possible; otherwise, use parentheses) in the entry space. If the actual amount is more, report a positive adjustment.

Adjustment of tax on third-party sick pay. Report both the employer and employee share of social security and Medicare taxes for sick pay on Form 941, lines 5a and 5c (Form 943, lines 2 and 4; or Form 944, lines 4a and 4c). If the aggregate wages paid for an employee by the employer and third-party payer exceed \$200,000 for the calendar year, report the Additional Medicare Tax on Form 941, line 5d (Form 943, line 7; or Form 944, line 4d). Show as a negative adjustment on Form 941, line 8 (Form 943, line 10; or Form 944, line 6), the social security and Medicare taxes withheld on sick pay by a third-party payer. See section 6 of Pub. 15-A for more information.

Adjustment of tax on tips. If, by the 10th of the month after the month you received an employee's report on tips, you don't have enough employee funds available to withhold the employee's share of social security and Medicare taxes, you no longer have to collect it. However, report the entire amount of these tips on Form 941, lines 5b and 5c (Form 944, lines 4b and 4c). If the aggregate wages and tips paid for an employee exceed \$200,000 for the calendar year, report the Additional Medicare Tax on Form 941, line 5d (Form 944, line 4d). Include as a negative adjustment on Form 941, line 9 (Form 944, line 6), the total uncollected employee share of the social security and Medicare taxes.

Adjustment of tax on group-term life insurance premiums paid for former employees. The employee share of social security and Medicare taxes for premiums on group-term life insurance over \$50,000 for a former employee is paid by the former employee with their tax return and isn't collected by the employer. However, include all social security and Medicare taxes for such coverage on Form 941, lines 5a and 5c (Form 944, lines 4a and 4c). For Form 943, include the social security wages and Medicare wages on lines 2 and 4, respectively; and report the social security tax and Medicare tax on lines 3 and 5, respectively. If the amount paid for an employee for premiums on group-term life insurance combined with other wages exceeds \$200,000 for the calendar year, report the Additional Medicare Tax on Form 941, line 5d (Form 944, line 4d). For Form 943, include the Additional Medicare tax wages on line 6 and report the Additional Medicare tax

on line 7. Back out the amount of the employee share of these taxes as a negative adjustment on Form 941, line 9 (Form 943, line 10; or Form 944, line 6). See Pub. 15-B for more information on group-term life insurance.

TIP For the above adjustments, prepare and retain a brief supporting statement explaining the nature and amount of each. Don't attach the statement to Form 941, Form 943, or Form 944. See the General Instructions for Forms W-2 and W-3 for information on how to report the uncollected employee share of social security and Medicare taxes on tips and group-term life insurance on Form W-2.

Example. Cedar, Inc., filed Form 941 and was entitled to the following current period adjustments.

- **Fractions of cents.** Cedar, Inc., determined the amounts withheld and deposited for social security and Medicare taxes during the quarter were a net \$1.44 more than the employee share of the amount figured on Form 941, lines 5a–5d, column 2 (social security and Medicare taxes). This difference was caused by adding or dropping fractions of cents when figuring social security and Medicare taxes for each wage payment. Cedar, Inc., must report a positive \$1.44 fractions-of-cents adjustment on Form 941, line 7.
- **Third-party sick pay.** Cedar, Inc., included taxes of \$2,000 for sick pay on Form 941, lines 5a and 5c, column 2, for social security and Medicare taxes. However, the third-party payer of the sick pay withheld and paid the employee share (\$1,000) of these taxes. Cedar, Inc., is entitled to a \$1,000 sick pay adjustment (negative) on Form 941, line 8.
- **Life insurance premiums.** Cedar, Inc., paid group-term life insurance premiums for policies in excess of \$50,000 for former employees. The former employees must pay the employee share of the social security and Medicare taxes (\$200) on the policies. However, Cedar, Inc., must include the employee share of these taxes with the social security and Medicare taxes reported on Form 941, lines 5a and 5c, column 2. Therefore, Cedar, Inc., is entitled to a negative \$200 adjustment on Form 941, line 9.

No change to record of federal tax liability. Don't make any changes to your record of federal tax liability reported on Form 941, line 16, or Schedule B (Form 941) (for Form 943 filers, Form 943 line 17, or Form 943-A; or for Form 944 filers, Form 944, line 13, or Form 945-A) for current period adjustments. The amounts reported on the record reflect the actual amounts you withheld from employees' wages for social security and Medicare taxes. Because the current period adjustments make the amounts reported on Form 941, lines 5a–5d, column 2 (Form 943, lines 3, 5, and 7; or Form 944, lines 4a–4d, column 2), equal the actual amounts you withheld (the amounts reported on the record), no additional changes to the record of federal tax liability are necessary for these adjustments.

Prior Period Adjustments

Forms for prior period adjustments. Use Form 941-X, Form 943-X, or Form 944-X to make a correction after you discover an error on a previously filed Form 941, Form 943, or Form 944. There are also Forms 945-X and CT-1 X to report corrections on the corresponding returns. Use Form 843 when requesting a refund or abatement of assessed interest or penalties.

TIP See Revenue Ruling 2009-39, 2009-52 I.R.B. 951, for examples of how the interest-free adjustment and claim for refund rules apply in 10 different situations. You can find Revenue Ruling 2009-39 at [IRS.gov/irb/2009-52_IRB#RR-2009-39](https://www.irs.gov/irb/2009-52_IRB#RR-2009-39).

Background. Treasury Decision 9405 changed the process for making interest-free adjustments to employment taxes reported on Form 941, Form 943, and Form 944 and for filing a claim for refund of employment taxes. Treasury Decision 9405, 2008-32 I.R.B. 293, is available at [IRS.gov/irb/2008-32_IRB#TD-9405](https://www.irs.gov/irb/2008-32_IRB#TD-9405). You'll use the adjustment process if you underreported employment taxes and are making a payment, or if you overreported employment taxes and will be applying the credit to the Form 941, Form 943, or Form 944 period during which you file Form 941-X, Form 943-X, or Form 944-X. You'll use the claim process if you overreported employment taxes and are requesting a refund or abatement of the overreported amount. We use the terms "correct" and "corrections" to include interest-free adjustments under sections 6205 and 6413, and claims for refund and abatement under sections 6402, 6414, and 6404.

Correcting employment taxes. When you discover an error on a previously filed Form 941, Form 943, or Form 944, you must:

- Correct that error using Form 941-X, Form 943-X, or Form 944-X;
- File a separate Form 941-X, Form 943-X, or Form 944-X for each Form 941, Form 943, or Form 944 you're correcting; and
- File Form 941-X, Form 943-X, or Form 944-X separately. Don't file with Form 941, Form 943, or Form 944.

Report current quarter adjustments for fractions of cents, third-party sick pay, tips, and group-term life insurance on Form 941 using lines 7–9, on Form 943 using line 10, and on Form 944 using line 6. See [Current Period Adjustments](#), earlier in this section.

Report the correction of underreported and overreported amounts for the same tax period on a single Form 941-X, Form 943-X, or Form 944-X unless you're requesting a refund. If you're requesting a refund and are correcting both underreported and overreported amounts, file one Form 941-X, Form 943-X, or Form 944-X correcting the underreported amounts only and a second Form 941-X, Form 943-X, or Form 944-X correcting the overreported amounts.

See the chart on the last page of Form 941-X, Form 943-X, or Form 944-X for help in choosing whether to use the adjustment process or the claim process. See the Instructions for Form 941-X, the Instructions for Form 943-X, or the Instructions for Form 944-X for details on how to make the adjustment or claim for refund or abatement.

Income tax withholding adjustments. In a current calendar year, correct prior quarter income tax withholding errors by making the correction on Form 941-X when you discover the error.

You may make an adjustment only to correct income tax withholding errors discovered during the same calendar year in which you paid the wages. This is because the employee uses the amount shown on Form W-2 or, if applicable, Form W-2c, as a credit when filing their income tax return (Form 1040, etc.).

You can't adjust amounts reported as income tax withheld in a prior calendar year unless it is to correct an administrative error or section 3509 applies. An administrative error occurs if the amount you entered on Form 941, Form 943, or Form 944 isn't the amount you actually withheld. For example, if the total income tax actually withheld was incorrectly reported on Form 941, Form 943, or Form 944 due to a mathematical or transposition error, this would be an administrative error. The administrative error adjustment corrects the amount reported on Form 941, Form 943, or Form 944 to agree with the amount actually withheld from employees and reported on their Forms W-2.

Additional Medicare Tax withholding adjustments. Generally, the rules discussed earlier in this section under [Income tax withholding adjustments](#) apply to Additional Medicare Tax withholding adjustments. That is, you may make an adjustment to correct Additional Medicare Tax withholding errors discovered during the same calendar year in which you paid wages. You can't adjust amounts reported in a prior calendar year unless it is to correct an administrative error or section 3509 applies. If you have overpaid Additional Medicare Tax, you can't file a claim for refund for the amount of the overpayment unless the amount wasn't actually withheld from the employee's wages (which would be an administrative error).

If a prior year error was a nonadministrative error, you may correct only the **wages and tips** subject to Additional Medicare Tax withholding.

Collecting underwithheld taxes from employees. If you withheld no income, social security, or Medicare taxes or less than the correct amount from an employee's wages, you can make it up from later pay to that employee. But you're the one who owes the underpayment. Reimbursement is a matter for settlement between you and the employee. Underwithheld income tax and Additional Medicare Tax must be recovered from the employee on or before the last day of the calendar year. There are special rules for tax on tips (see [section 6](#)) and fringe benefits (see [section 5](#)).

Refunding amounts incorrectly withheld from employees. If you withheld more than the correct amount of

income, social security, or Medicare taxes from wages paid, repay or reimburse the employee the excess. Any excess income tax or Additional Medicare Tax withholding must be repaid or reimbursed to the employee before the end of the calendar year in which it was withheld. Keep in your records the employee's written receipt showing the date and amount of the repayment or record of reimbursement. If you didn't repay or reimburse the employee, you must report and pay each excess amount when you file Form 941 for the quarter (Form 943 or Form 944 for the year) in which you withheld too much tax.

Correcting filed Forms W-2 and W-3. When adjustments are made to correct wages and social security and Medicare taxes because of a change in the wage totals reported for a previous year, you also need to file Form W-2c and Form W-3c with the SSA. Up to 25 Forms W-2c per Form W-3c may be filed per session over the Internet, with no limit on the number of sessions. For more information, go to the SSA's Employer W-2 Filing Instructions & Information webpage at [SSA.gov/employer](https://www.ssa.gov/employer).

Exceptions to interest-free corrections of employment taxes. A correction won't be eligible for interest-free treatment if:

- The failure to report relates to an issue raised in an IRS examination of a prior return, or
- The employer knowingly underreported its employment tax liability.

A correction won't be eligible for interest-free treatment after the earlier of the following.

- Receipt of an IRS notice and demand for payment after assessment.
- Receipt of an IRS notice of determination under section 7436.

Wage Repayments

If an employee repays you for wages received in error, don't offset the repayments against current year wages unless the repayments are for amounts received in error in the current year.

Repayment of current year wages. If you receive repayments for wages paid during a prior quarter in the current year, report adjustments on Form 941-X to recover income tax withholding and social security and Medicare taxes for the repaid wages.

Repayment of prior year wages. If you receive repayments for wages paid during a prior year, report an adjustment on Form 941-X, Form 943-X, or Form 944-X to recover the social security and Medicare taxes. You can't make an adjustment for income tax withholding because the wages were income to the employee for the prior year. You can't make an adjustment for Additional Medicare Tax withholding because the employee determines liability for Additional Medicare Tax on the employee's income tax return for the prior year.

You must also file Forms W-2c and W-3c with the SSA to correct social security and Medicare wages and taxes. Don't correct wages (box 1) on Form W-2c for the amount paid in error. Give a copy of Form W-2c to the employee.

Employee reporting of repayment. The wages paid in error in the prior year remain taxable to the employee for that year. This is because the employee received and had use of those funds during that year. The employee isn't entitled to file an amended return (Form 1040-X) to recover the income tax on these wages. Instead, the employee may be entitled to a deduction or credit for the repaid wages on their income tax return for the year of repayment. However, the employee should file an amended return (Form 1040-X) to recover any Additional Medicare Tax paid on the wages paid in error in the prior year. If an employee asks about reporting their wage repayment, you may tell the employee to see *Repayments* in Pub. 525 for more information.

14. Federal Unemployment (FUTA) Tax



FUTA tax doesn't apply to employers in American Samoa, Guam, and the CNMI, but it does apply to employers in the USVI and Puerto Rico.

The Federal Unemployment Tax Act (FUTA), with state unemployment systems, provides for payments of unemployment compensation to workers who have lost their jobs. Most employers pay both a federal and a state unemployment tax. For a list of state unemployment agencies, go to the U.S. Department of Labor's website at oui.doleta.gov/unemploy/agencies.asp. Only the employer pays FUTA tax; it isn't withheld from the employee's wages. For more information, see the Instructions for Form 940.



Services rendered to a federally recognized Indian tribal government (or any subdivision, subsidiary, or business wholly owned by such an Indian tribe) are exempt from FUTA tax, subject to the tribe's compliance with state law. For more information, see section 3309(d) and Pub. 4268.

Who must pay? Use the following three tests to determine whether you must pay FUTA tax. Each test applies to a different category of employee, and each is independent of the others. If a test describes your situation, you're subject to FUTA tax on the wages you pay to employees in that category during the current calendar year.

1. General test.

You're subject to FUTA tax in 2024 on the wages you pay employees who aren't farmworkers or household workers if:

- a. You paid wages of \$1,500 or more in any calendar quarter in 2023 or 2024, or

- b. You had one or more employees for at least some part of a day in any 20 or more different weeks in 2023 or 20 or more different weeks in 2024.

2. Household employees test.

You're subject to FUTA tax if you paid total cash wages of \$1,000 or more to household employees in any calendar quarter in 2023 or 2024. A household employee is an employee who performs household work in a private home, local college club, or local fraternity or sorority chapter.

3. Farmworkers test.

You're subject to FUTA tax on the wages you pay to farmworkers if:

- a. You paid cash wages of \$20,000 or more to farmworkers during any calendar quarter in 2023 or 2024, or
- b. You employed 10 or more farmworkers during at least some part of a day (whether or not at the same time) during any 20 or more different weeks in 2023 or 20 or more different weeks in 2024.

To determine whether you meet either test above for farmworkers, you must count wages paid to aliens admitted on a temporary basis to the United States to perform farmwork, also known as H-2A visa workers. However, wages paid to H-2A visa workers aren't subject to the FUTA tax.

Generally, farmworkers supplied by [crew leaders](#), as defined earlier in section 2, are considered employees of the farm operator for purposes of the FUTA tax unless (a) the crew leader is registered under the Migrant and Seasonal Agricultural Worker Protection Act; or (b) substantially all of the workers supplied by the crew leader operate or maintain tractors, harvesting or crop-dusting machines, or other machines provided by the crew leader. Therefore, if (a) or (b) applies, the farmworkers are generally employees of the crew leader.

Figuring FUTA tax. For 2024, the FUTA tax rate is 6.0%. The tax applies to the first \$7,000 you pay to each employee as wages during the year. The \$7,000 is the federal wage base. Your state wage base may be different.

Generally, you can take a credit against your FUTA tax for amounts you paid into state unemployment funds. The credit may be as much as 5.4% of FUTA taxable wages. If you're entitled to the maximum 5.4% credit, the FUTA tax rate after credit is 0.6%. You're entitled to the maximum credit if you paid your state unemployment taxes in full, on time, and on all the same wages as are subject to FUTA tax, and as long as the state isn't determined to be a credit reduction state. See the Instructions for Form 940 to determine the credit.

In some states, the wages subject to state unemployment tax are the same as the wages subject to FUTA tax. However, certain states exclude some types of wages from state unemployment tax, even though they're subject to FUTA tax (for example, wages paid to corporate officers, certain payments of sick pay by unions, and certain fringe benefits). In such a case, you may be required to

deposit more than 0.6% FUTA tax on those wages. See the Instructions for Form 940 for further guidance.

TIP *In years when there are credit reduction states, you must include liabilities owed for credit reduction with your fourth quarter deposit. You may deposit the anticipated extra liability throughout the year, but it isn't due until the due date for the deposit for the fourth quarter, and the associated liability should be recorded as being incurred in the fourth quarter. See the Instructions for Form 940 for more information.*

Successor employer. If you acquired a business from an employer who was liable for FUTA tax, you may be able to count the wages that employer paid to the employees who continue to work for you when you figure the \$7,000 FUTA tax wage base. See the Instructions for Form 940.

Depositing FUTA tax. For deposit purposes, figure FUTA tax quarterly. Determine your FUTA tax liability by multiplying the amount of taxable wages paid during the quarter by 0.6%. This amount may need to be adjusted, however, depending on your entitlement to the credit for state unemployment contributions. See the Instructions for Form 940. Stop depositing FUTA tax on an employee's wages when taxable wages reach \$7,000 for the calendar year.

If your FUTA tax liability for any calendar quarter is \$500 or less, you don't have to deposit the tax. Instead, you may carry it forward and add it to the liability figured in the next quarter to see if you must make a deposit. If your FUTA tax liability for any calendar quarter is over \$500 (including any FUTA tax carried forward from an earlier quarter), you must deposit the tax by EFT. See [section 11](#) for more information on EFTs.

Household employees. You're not required to deposit FUTA taxes for household employees unless you report their wages on Forms 941, Form 943, or Form 944. See Pub. 926 for more information.

When to deposit. Deposit the FUTA tax by the last day of the first month that follows the end of the quarter. If the due date for making your deposit falls on a Saturday, Sunday, or legal holiday, you may make your deposit on the next business day. See [Legal holiday](#), in section 11, for a list of legal holidays occurring in 2024.

If your liability for the fourth quarter (plus any undeposited amount from any earlier quarter) is over \$500, deposit

the entire amount by the due date of Form 940 (January 31). If it is \$500 or less, you can make a deposit, pay the tax with a credit or debit card, or pay the tax with your Form 940 by January 31. If you file Form 940 electronically, you can *e-file* and use EFW to pay the balance due. For more information on paying your taxes with a credit or debit card or using EFW, go to [IRS.gov/Payments](#).

Table 4. When To Deposit FUTA Taxes

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

Reporting FUTA tax. Use Form 940 to report FUTA tax. File your 2023 Form 940 by January 31, 2024. However, if you deposited all FUTA tax when due, you may file on or before February 12, 2024.

Form 940 e-file. The Form 940 *e-file* program allows a taxpayer to electronically file Form 940 using a computer with an Internet connection and commercial tax preparation software. For more information, go to [IRS.gov/EmploymentEfile](#), or call 866-255-0654.

Household employees. If you didn't report employment taxes for household employees on Forms 941, Form 943, or Form 944, report FUTA tax for these employees on Schedule H (Form 1040). See Pub. 926 for more information. You must have an EIN to file Schedule H (Form 1040).

Electronic filing by reporting agents. Reporting agents filing Forms 940 for groups of taxpayers can file them electronically. See [Electronic filing by reporting agents](#) in section 12.

Electronic filing by CPEOs. CPEOs are required to electronically file Form 940 with Schedule R (Form 940). Under certain circumstances, the IRS may waive the electronic filing requirement. To request a waiver, the CPEO must file a written request using the IRS Online Registration System for Professional Employer Organizations at least 45 days before the due date of the return for which the CPEO is unable to electronically file. For more information on filing a waiver request electronically, go to [IRS.gov/CPEO](#). Also see [Revenue Procedure 2023-18](#).

15. Special Rules for Various Types of Services and Payments

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

Special Classes of Employment and Special Types of Payments	Treatment Under Employment Taxes		
	Federal Income Tax Withholding	Social Security and Medicare (including Additional Medicare Tax when wages are paid in excess of \$200,000)	FUTA
Agricultural labor:			
1. Service on farm in connection with cultivating soil; raising or harvesting any agricultural or horticultural commodity; the care of livestock, poultry, bees, furbearing animals, or wildlife.	Taxable if wages subject to social security tax and Medicare tax.	Taxable if \$150 test or \$2,500 test in section 9 is met.	Taxable if either test in section 14 is met.
2. Service in employ of owner or operator of farm if major part of the services are performed on farm, in management or maintenance, etc., of farm, tools, or equipment, or in salvaging timber, or clearing brush and other debris left by hurricane.	Taxable if wages subject to social security tax and Medicare tax.	Taxable if \$150 test or \$2,500 test in section 9 is met.	Taxable if either test in section 14 is met.
3. In connection with the production and harvesting of turpentine and other oleoresinous products.	Taxable if wages subject to social security tax and Medicare tax.	Taxable if \$150 test or \$2,500 test in section 9 is met.	Taxable if either test in section 14 is met.
4. Cotton ginning.	Taxable if wages subject to social security tax and Medicare tax.	Taxable if \$150 test or \$2,500 test in section 9 is met. ¹	Taxable if either test in section 14 is met.
5. In connection with hatching of poultry.	Taxable if wages subject to social security tax and Medicare tax.	Taxable if \$150 test or \$2,500 test in section 9 is met (not farmwork if performed off farm).	Taxable if either test in section 14 is met.
6. In operation or maintenance of ditches, canals, reservoirs, or waterways used only for supplying or storing water for farming purposes and not owned or operated for profit.	Taxable if wages subject to social security tax and Medicare tax.	Taxable if \$150 test or \$2,500 test in section 9 is met.	Taxable if either test in section 14 is met.
7. In processing, packaging, delivering, etc., any agricultural or horticultural commodity in its unmanufactured state:			
a. In employ of farm operator.	Taxable if wages subject to social security tax and Medicare tax.	If operator produced over half of commodity processed, taxable if \$150 test of \$2,500 test in section 9 is met; otherwise taxable (not farmwork). ¹	If employer produced over half of commodity processed, taxable if either test in section 14 is met; otherwise taxable (not farmwork).
b. In employ of unincorporated group of farm operators (never more than 20).	Taxable if wages subject to social security tax and Medicare tax.	If group produced all commodity processed, taxable if \$150 test or \$2,500 test in section 9 is met; otherwise taxable (not farmwork). ¹	If employer produced over half of commodity processed, taxable if either test in section 14 is met; otherwise taxable (not farmwork).
c. In employ of other groups of farm operators (including cooperative organizations and commercial handlers).	Taxable if wages subject to social security tax and Medicare tax.	Taxable (not farmwork). ¹	If employer produced over half of commodity processed, taxable if either test in section 14 is met; otherwise taxable (not farmwork).
8. Handling or processing commodities after delivery to terminal market for commercial canning or freezing.	Taxable if wages subject to social security tax and Medicare tax.	Taxable (not farmwork). ¹	Taxable (not farmwork).
Aliens:			
1. Resident:			
a. Service performed in the United States. ²	Same as U.S. citizen.	Same as U.S. citizen. (Exempt if any part of service as crew member of foreign vessel or aircraft is performed outside United States).	Same as U.S. citizen.

¹ Wages for services not considered farmwork are reported on Forms 941 or Form 944. Other exemptions may apply. See [section 5](#) and [section 13](#).

² Benefits provided under cafeteria plans may qualify for exclusion from wages for social security, Medicare, and FUTA taxes.

Special Classes of Employment and Special Types of Payments	Treatment Under Employment Taxes		
	Federal Income Tax Withholding	Social Security and Medicare (including Additional Medicare Tax when wages are paid in excess of \$200,000)	FUTA
Aliens (continued):			
b. Service performed outside the United States. ²	Withhold.	Taxable if (1) working for an American employer, or (2) an American employer by agreement covers U.S. citizens and residents employed by its foreign affiliates or subsidiary of an American employer.	Exempt unless on or in connection with an American vessel or aircraft and either performed under contract made in United States, or alien is employed on such vessel or aircraft when it touches U.S. port.
2. Nonresidents working in United States. ³			
a. Workers lawfully admitted under section 101 (a)(15)(H)(ii)(a) of the Immigration and Nationality Act on a temporary basis to perform agricultural labor ("H-2A" workers).	See Pub. 515 and Pub. 519.	Exempt.	Exempt.
b. Student, scholar, trainee, teacher, etc., as nonimmigrant alien under section 101(a)(15)(F), (J), (M), or (Q).	See Pub. 515 and Pub. 519.	Exempt if service is performed for purposes specified in section 101(a)(15)(F), (J), (M), or (Q) of the Immigration and Nationality Act. However, these taxes may apply if the employee becomes a resident alien.	
c. Philippine resident not admitted to Guam or CNMI under section 101(a)(15)(H)(ii) of the Immigration and Nationality Act.	See Pub. 515 and Pub. 519.	Exempt if service is performed for purposes specified in section 101(a)(15)(H)(ii) of the Immigration and Nationality Act. However, these taxes may apply if the employee becomes a resident alien.	
d. Philippine resident not admitted to CNMI under section 101(a)(15)(H)(ii) of the Immigration and Nationality Act for services performed in the CNMI on or after January 1, 2015.	See Pub. 515 and Pub. 519.	Taxable.	Exempt.
e. Korean resident admitted to Guam under section 101(a)(15)(H)(ii) of the Immigration and Nationality Act.	See Pub. 515 and Pub. 519.	Exempt if service is performed for purposes specified in section 101(a)(15)(H)(ii) of the Immigration and Nationality Act. However, these taxes may apply if the employee becomes a resident alien.	Exempt.
f. Korean resident admitted to CNMI under section 101(a)(15)(H)(ii) of the Immigration and Nationality Act.	See Pub. 515 and Pub. 519.	Taxable.	Exempt.
g. All other nonresidents working in United States. ³	See Pub. 515 and Pub. 519.	Same as U.S. citizen; exempt if any part of service as crew member of foreign vessel or aircraft is performed outside United States and employer isn't an American employer.	Same as U.S. citizen.
3. Nonresident working on American vessel or aircraft outside United States. ³	See Pub. 515 and Pub. 519.	Taxable if under contract made in United States or worker is employed on vessel or aircraft when it touches U.S. port.	
Cafeteria plan benefits under section 125.	If employee chooses cash or other taxable benefit, subject to all employment taxes. If employee chooses a non-taxable benefit, the treatment is the same as if the benefit was provided outside the plan. See Pub. 15-B for more information.		
Deceased worker:			
1. Wages paid to beneficiary or estate in same calendar year as worker's death. See the General Instructions for Forms W-2 and W-3 for details.	Exempt.	Taxable.	Taxable.
2. Wages paid to beneficiary or estate after calendar year of worker's death.	Exempt.	Exempt.	Exempt.
Dependent care assistance programs.	Exempt to the extent it is reasonable to believe amounts are excludable from gross income under section 129.		

² Benefits provided under cafeteria plans may qualify for exclusion from wages for social security, Medicare, and FUTA taxes.

³ United States includes American Samoa, Guam, the CNMI, the USVI, and Puerto Rico.

Special Classes of Employment and Special Types of Payments	Treatment Under Employment Taxes		
	Federal Income Tax Withholding	Social Security and Medicare (including Additional Medicare Tax when wages are paid in excess of \$200,000)	FUTA
Disabled worker's wages paid after year in which worker became entitled to disability insurance benefits under the Social Security Act.	Withhold.	Exempt if worker didn't perform any service for employer during the period for which payment is made.	Taxable.
Employee business expense reimbursement: 1. Accountable plan. a. Amounts not exceeding specified government rate for per diem or standard mileage. b. Amounts in excess of specified government rate for per diem or standard mileage. 2. Nonaccountable plan. See section 5 for details.	Exempt. Withhold. Withhold.	Exempt. Taxable. Taxable.	Exempt. Taxable. Taxable.
Family employees: 1. Child employed by parent (or partnership in which each partner is a parent of the child). 2. Parent employed by child. 3. Spouse employed by spouse. See section 3 for more information.	Withhold. Withhold. Withhold.	Exempt until age 18; age 21 for domestic service. Taxable if in course of the child's business. For domestic services, see section 3 . Taxable if in course of spouse's business.	Exempt until age 21. Exempt. Exempt.
Fishing and related activities, employment in connection with catching, harvesting, farming, etc.: 1. Salmon or halibut. 2. All other aquatic forms of animal and vegetable life. 3. An arrangement with the owner or operator of the boat by which the individual receives a share of the boat's catch (or proceeds from the sale of the catch), the share depending on the boat's catch, and operating crew of the boat is normally fewer than 10 individuals. ⁴	Taxable unless (3) applies. Taxable unless (3) applies. Exempt.	Taxable unless (3) applies. Taxable unless (3) applies. Exempt if any cash remuneration is: (a) \$100 or less, (b) Contingent on minimum catch, and (c) Paid solely for additional duties (such as mate, engineer, or cook for which cash remuneration is traditional).	Taxable unless (3) applies. Exempt unless on vessel of more than 10 net tons and (3) doesn't apply.
Foreign governments and international organizations.	Exempt.	Exempt.	Exempt.
Foreign service by U.S. citizens: 1. As U.S. Government employees. 2. For foreign affiliates of American employers and other private employers.	Withhold. Exempt if at time of payment (1) it is reasonable to believe employee is entitled to exclusion from income under section 911, or (2) the employer is required by law of the foreign country to withhold income tax on such payment.	Same as within United States. Exempt unless (1) an American employer by agreement covers U.S. citizens employed by its foreign affiliates, or (2) U.S. citizen works for American employer.	Exempt. Exempt unless (1) on American vessel or aircraft and work is performed under contract made in United States or worker is employed on vessel when it touches U.S. port, or (2) U.S. citizen works for American employer (except in a contiguous country with which the United States has an agreement for unemployment compensation) or in the USVI.

⁴ Income derived by Native Americans exercising fishing rights is generally exempt from employment taxes.

Special Classes of Employment and Special Types of Payments	Treatment Under Employment Taxes		
	Federal Income Tax Withholding	Social Security and Medicare (including Additional Medicare Tax when wages are paid in excess of \$200,000)	FUTA
Fringe benefits.	Taxable on excess of fair market value of the benefit over the sum of an amount paid for it by the employee and any amount excludable by law. However, special valuation rules may apply. Benefits provided under cafeteria plans may qualify for exclusion from wages for social security, Medicare, and FUTA taxes. See Pub. 15-B for details.		
Government employment: 1. State/local governments and political subdivisions, employees of: <ul style="list-style-type: none"> a. Salaries and wages (includes payments to most elected and appointed officials). See chapter 3 of Pub. 963. b. Election workers. Election individuals are workers who are employed to perform services for state or local governments at election booths in connection with national, state, or local elections. Note. File Form W-2 for payments of \$600 or more even if no social security or Medicare taxes were withheld. c. Emergency workers. Emergency workers who were hired on a temporary basis in response to a specific unforeseen emergency and aren't intended to become permanent employees. 2. U.S. federal government employees.	<ul style="list-style-type: none"> Withhold. Exempt. Withhold. Withhold. 	<ul style="list-style-type: none"> Generally, taxable for (1) services performed by employees who are either (a) covered under a section 218 agreement, or (b) not covered under a section 218 agreement and not a member of a public retirement system (mandatory social security and Medicare coverage); and (2) (for Medicare tax only) for services performed by employees hired or rehired after March 31, 1986, who aren't covered under a section 218 agreement or the mandatory social security provisions, unless specifically excluded by law. See Pub. 963. Taxable if paid \$2,300 or more in 2024 (lesser amount if specified by a section 218 social security agreement). See Revenue Ruling 2000-6. Exempt if serving on a temporary basis in case of fire, storm, snow, earthquake, flood, or similar emergency. Taxable for Medicare. Taxable for social security unless hired before 1984. See section 3121(b)(5). 	<ul style="list-style-type: none"> Exempt. Exempt. Exempt. Exempt unless worker is a seaman performing services on or in connection with American vessel owned by or chartered to the United States and operated by general agent of Secretary of Commerce.
Homeworkers (industrial, cottage industry): <ul style="list-style-type: none"> 1. Common law employees. 2. Statutory employees. See section 2 for details. 	<ul style="list-style-type: none"> Withhold. Exempt. 	<ul style="list-style-type: none"> Taxable. Taxable if paid \$100 or more in cash in a year. 	<ul style="list-style-type: none"> Taxable. Exempt.
Hospital employees: <ul style="list-style-type: none"> 1. Interns. 2. Patients. 	<ul style="list-style-type: none"> Withhold. Withhold. 	<ul style="list-style-type: none"> Taxable. Taxable (Exempt for state or local government hospitals.) 	<ul style="list-style-type: none"> Exempt. Exempt.

Special Classes of Employment and Special Types of Payments	Treatment Under Employment Taxes		
	Federal Income Tax Withholding	Social Security and Medicare (including Additional Medicare Tax when wages are paid in excess of \$200,000)	FUTA
Household employees:			
1. Domestic service in private homes.	Exempt (withhold if both employer and employee voluntarily agree).	Taxable if paid \$2,700 or more in cash in 2024. Exempt if performed by an individual under age 18 during any portion of the calendar year and isn't the principal occupation of the employee.	Taxable if employer paid total cash wages of \$1,000 or more in any quarter in the current or preceding calendar year.
2. Domestic service in college clubs, fraternities, and sororities.	Exempt (withhold if both employer and employee voluntarily agree).	Exempt if paid to regular student; also exempt if employee is paid less than \$100 in a year by an income-tax-exempt employer.	Taxable if employer paid total cash wages of \$1,000 or more in any quarter in the current or preceding calendar year.
Insurance for employees:			
1. Accident and health insurance premiums under a plan or system for employees and their dependents generally or for a class or classes of employees and their dependents.	Exempt (except 2% shareholder-employees of S corporations).	Exempt.	Exempt.
2. Group-term life insurance costs. See Pub. 15-B for details.	Exempt.	Exempt, except for the cost of group-term life insurance includible in the employee's gross income. Special rules apply for former employees.	Exempt.
Insurance agents or solicitors:			
1. Full-time life insurance salesperson.	Withhold only if employee under common law. See section 2 .	Taxable.	Taxable if (1) employee under common law, and (2) not paid solely by commissions.
2. Other salesperson of life, casualty, etc., insurance.	Withhold only if employee under common law.	Taxable only if employee under common law.	Taxable if (1) employee under common law, and (2) not paid solely by commissions.
Interest on loans with below-market interest rates (foregone interest and deemed original issue discount).	See Pub. 15-A.		
Leave-sharing plans: Amounts paid to an employee under a leave-sharing plan.	Withhold.	Taxable.	Taxable.
Newspaper carriers and vendors: Newspaper carriers under age 18; newspaper and magazine vendors buying at fixed prices and retaining receipts from sales to customers. See Pub. 15-A for information on statutory nonemployee status.	Exempt (withhold if both employer and employee voluntarily agree).	Exempt.	Exempt.
Noncash payments:			
1. For household work, agricultural labor, and service not in the course of the employer's trade or business.	Exempt (withhold if both employer and employee voluntarily agree).	Exempt.	Exempt.
2. To certain retail commission salespersons ordinarily paid solely on a cash commission basis.	Optional with employer, except to the extent employee's supplemental wages during the year exceed \$1 million.	Taxable.	Taxable.
Nonprofit organizations.	See Pub. 15-A.		
Officers or shareholders of an S corporation: Distributions and other payments by an S corporation to a corporate officer or shareholder must be treated as wages to the extent the amounts are reasonable compensation for services to the corporation by an employee. See the Instructions for Form 1120-S.	Withhold.	Taxable.	Taxable.

Special Classes of Employment and Special Types of Payments	Treatment Under Employment Taxes		
	Federal Income Tax Withholding	Social Security and Medicare (including Additional Medicare Tax when wages are paid in excess of \$200,000)	FUTA
Partners: Payments to general or limited partners of a partnership. See Pub. 541 for partner reporting rules.	Exempt.	Exempt.	Exempt.
Railroads: Payments subject to the Railroad Retirement Act. See Pub. 915 and the Instructions for Form CT-1 for more details.	Withhold.	Exempt.	Exempt.
Religious exemptions.	See Pub. 15-A and Pub. 517.		
Retirement and pension plans:			
1. Employer contributions to a qualified plan.	Exempt.	Exempt.	Exempt.
2. Elective employee contributions and deferrals to a plan containing a qualified cash or deferred compensation arrangement (401(k)).	Generally exempt, but see section 402(g) for limitation.	Taxable.	Taxable.
3. Employer contributions to individual retirement accounts under simplified employee pension (SEP) plan.	Generally exempt, but see section 402(g) for salary reduction SEP limitation.	Exempt, except for amounts contributed under a salary reduction SEP agreement.	
4. Employer contributions to section 403(b) annuities including salary reduction contributions.	Generally exempt, but see section 402(g) for limitation.	Taxable if paid through a salary reduction agreement (written or otherwise).	
5. Employee salary reduction contributions to a SIMPLE retirement account.	Exempt.	Taxable.	Taxable.
6. Distributions from qualified retirement and pension plans and section 403(b) annuities. See Pub. 15-A for information on pensions, annuities, and employer contributions to nonqualified deferred compensation arrangements.	Withhold, but recipient may elect exemption on Form W-4P in certain cases; mandatory 20% withholding applies to an eligible rollover distribution that isn't a direct rollover; exempt for direct rollover. See Pub. 15-A.	Exempt.	Exempt.
7. Employer contributions to a section 457(b) plan.	Generally exempt, but see section 402(g) limitation.	Taxable.	Taxable.
8. Employee salary reduction contributions to a section 457(b) plan.	Generally exempt, but see section 402(g) salary reduction limitation.	Taxable.	Taxable.
Salespersons:			
1. Common law employees.	Withhold.	Taxable.	Taxable.
2. Statutory employees.	Exempt.	Taxable.	Taxable, except for full-time life insurance sales agents.
3. Statutory nonemployees (qualified real estate agents, direct sellers, and certain companion sitters). See Pub. 15-A for details.	Exempt.	Exempt.	Exempt.
Scholarships and fellowship grants (cludible in income under section 117(c)).	Withhold.	Taxability depends on the nature of the employment and the status of the organization. See <i>Students, scholars, trainees, teachers, etc.</i> , below.	
Severance or dismissal pay.	Withhold.	Taxable.	Taxable.
Service not in the course of the employer's trade or business (other than on a farm operated for profit or for household employment in private homes).	Withhold only if employee earns \$50 or more in cash in a quarter and works on 24 or more different days in that quarter or in the preceding quarter.	Taxable if employee receives \$100 or more in cash in a calendar year.	Taxable only if employee earns \$50 or more in cash in a quarter and works on 24 or more different days in that quarter or in the preceding quarter.
Sick pay. See Pub. 15-A for more information.	Withhold.	Exempt after end of 6 calendar months after the calendar month employee last worked for employer.	
Students, scholars, trainees, teachers, etc.:			
1. Student enrolled and regularly attending classes, performing services for the following.			
a. Private school, college, or university.	Withhold.	Exempt.	Exempt.

Special Classes of Employment and Special Types of Payments	Treatment Under Employment Taxes		
	Federal Income Tax Withholding	Social Security and Medicare (including Additional Medicare Tax when wages are paid in excess of \$200,000)	FUTA
Students, scholars, trainees, teachers, etc. (continued):			
b. Auxiliary nonprofit organization operated for and controlled by school, college, or university.	Withhold.	Exempt unless services are covered by a section 218 (Social Security Act) agreement.	Exempt.
c. Public school, college, or university.	Withhold.	Exempt unless services are covered by a section 218 (Social Security Act) agreement.	Exempt.
2. Full-time student performing service for academic credit, combining instruction with work experience as an integral part of the program.	Withhold.	Taxable.	Exempt unless program was established for or on behalf of an employer or group of employers.
3. Student nurse performing part-time services for nominal earnings at hospital as incidental part of training.	Withhold.	Exempt.	Exempt.
4. Student employed by organized camps.	Withhold.	Taxable.	Exempt.
5. Student, scholar, trainee, teacher, etc., as nonimmigrant alien under section 101(a)(15)(F), (J), (M), or (Q) of Immigration and Nationality Act (that is, aliens holding F-1, J-1, M-1, or Q-1 visas).	Withhold unless excepted by regulations.	Exempt if service is performed for purpose specified in section 101(a)(15)(F), (J), (M), or (Q) of Immigration and Nationality Act. However, these taxes may apply if the employee becomes a resident alien. See the special residency tests for exempt individuals in chapter 1 of Pub. 519.	
Supplemental unemployment compensation plan benefits.	Withhold.	Exempt under certain conditions. See Pub. 15-A.	
Territory government employees (other than federal):	(See section 3121(b)(7)) or go to SSA.gov .		
1. USVI.	Exempt.	Taxable if covered by section 218 agreement with SSA.	Exempt.
2. American Samoa and political subdivisions.	Exempt.	Taxable, unless employee covered by a retirement system.	Exempt.
3. Guam.	Exempt.	Exempt, except for certain temporary and intermittent employees.	Exempt.
4. The CNMI and political subdivisions.	Exempt.	Taxable (beginning in the fourth calendar quarter of 2012).	Exempt.
Tips:			
1. If \$20 or more in a month.	Withhold.	Taxable.	Taxable for all tips reported in writing to employer.
2. If less than \$20 in a month. See section 6 for more information.	Exempt.	Exempt.	Exempt.
Workers' compensation.	Exempt.	Exempt.	Exempt.

16. Third-Party Payer Arrangements

An employer may outsource some or all of its federal employment tax withholding, reporting, and payment obligations. An employer who outsources payroll and related tax duties (that is, withholding, reporting, and paying over social security, Medicare, FUTA, and income taxes) to a third-party payer will generally remain responsible for those duties, including liability for the taxes. However, see [Certified professional employer organization \(CPEO\)](#), later in this section, for an exception.

If an employer outsources some or all of its payroll responsibilities, the employer should consider the following information.

- The employer remains responsible for federal tax deposits and other federal tax payments even though the employer may forward the tax amounts to the third-party payer to make the deposits and payments. If the third party fails to make the deposits and payments, the IRS may assess penalties and interest on the employer's account. As the employer, you may be liable for all taxes, penalties, and interest due. The employer may also be held personally liable for certain unpaid federal taxes.
- If the employer's account has any issues, the IRS will send correspondence to the employer at the address of record. We strongly recommend that the employer maintain its address as the address of record with the IRS. Having correspondence sent to the address of the third-party payer may significantly limit the employer's ability to be informed about tax matters involving the employer's business. Use Form 8822-B to update your business address.
- When a third party enrolls an employer in EFTPS for federal tax deposits, the employer will receive an Inquiry PIN. The employer should activate and use this Inquiry PIN to monitor its account and ensure the third party is making the required tax deposits.

The following are common third-party payers who an employer may contract with to perform payroll and related tax duties.

- Payroll service provider (PSP).
- Reporting agent.
- Agent with approved Form 2678.
- Payer designated under section 3504.
- Certified professional employer organization (CPEO).

Payroll service provider (PSP). A PSP helps administer payroll and payroll-related tax duties on behalf of the employer. A PSP may prepare paychecks for employees, prepare and file employment tax returns, prepare Forms W-2, and make federal tax deposits and other federal tax payments. A PSP performs these functions using the EIN of the employer. A PSP isn't liable as either an employer or

an agent of the employer for the employer's employment taxes. If an employer is using a PSP to perform its tax duties, the employer remains liable for its employment tax obligations, including liability for employment taxes.

An employer who uses a PSP should ensure the PSP is using EFTPS to make federal tax deposits on behalf of the employer so the employer can confirm that the payments are being made on its behalf.

Reporting agent. A reporting agent is a type of PSP. A reporting agent helps administer payroll and payroll-related tax duties on behalf of the employer, including authorization to electronically sign and file forms set forth on Form 8655. An employer uses Form 8655 to authorize a reporting agent to perform functions on behalf of the employer. A reporting agent performs these functions using the EIN of the employer. A reporting agent isn't liable as either an employer or an agent of the employer for the employer's employment taxes. If an employer is using a reporting agent to perform its tax duties, the employer remains liable for its employment obligations, including liability for employment taxes.

A reporting agent must use EFTPS to make federal tax deposits on behalf of an employer. The employer has access to EFTPS to confirm federal tax deposits were made on its behalf.

For more information on reporting agents, see Revenue Procedure 2012-32, 2012-34 I.R.B. 267, available at [IRS.gov/irb/2012-34_IRB#RP-2012-32](#); and Pub. 1474, Technical Specifications Guide for Reporting Agent Authorization and Federal Tax Depositors.

Agent with an approved Form 2678. An agent with an approved Form 2678 helps administer payroll and related tax duties on behalf of the employer. An agent authorized under section 3504 may pay wages or compensation to some or all of the employees of an employer, prepare and file employment tax returns as set forth on Form 2678, prepare Forms W-2, and make federal tax deposits and other federal tax payments. An employer uses Form 2678 to request authorization to appoint an agent to perform functions on behalf of the employer. An agent with an approved Form 2678 is authorized to perform these functions using its own EIN. The agent files a Schedule R (Form 941) or, if applicable, Schedule R (Form 943) to allocate wages, taxes, and credits claimed to the employers it represents as an agent.

If an employer is using an agent with an approved Form 2678 to perform its tax duties, the agent and the employer are jointly liable for the employment taxes and related tax duties for which the agent is authorized to perform.

Form 2678 doesn't apply to FUTA taxes reportable on Form 940 unless the employer is a home care service recipient receiving home care services through a program administered by a federal, state, or local government agency.

For more information on an agent with an approved Form 2678, see Revenue Procedure 2013-39, 2013-52 I.R.B. 830, available at [IRS.gov/irb/2013-52_IRB#RP-2013-39](#).

Payer designated under section 3504. In certain circumstances, the IRS may designate a third-party payer to perform the acts of an employer. The IRS will designate a third-party payer on behalf of an employer if the third party has a service agreement with the employer. A service agreement is an agreement between the third-party payer and an employer in which the third-party payer (1) asserts it is the employer of individuals performing services for the employer; (2) pays wages to the individuals that perform services for the employer; and (3) assumes responsibility to withhold, report, and pay federal employment taxes for the wages it pays to the individuals who perform services for the employer.

A payer designated under section 3504 performs tax duties under the service agreement using its own EIN. If the IRS designates a third-party payer under section 3504, the designated payer and the employer are jointly liable for the employment taxes and related tax duties for which the third-party payer is designated.

For more information on a payer designated under section 3504, see Regulations section 31.3504-2.

Certified professional employer organization (CPEO).

The Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014 required the IRS to establish a voluntary certification program for professional employer organizations (PEOs). PEOs handle various payroll administration and tax reporting responsibilities for their business clients and are typically paid a fee based on payroll costs. To become and remain certified under the certification program, CPEOs must meet various requirements described in sections 3511 and 7705 and related published guidance. Certification as a CPEO may affect the employment tax liabilities of both the CPEO and its customers. A CPEO is generally treated for employment tax purposes as the employer of any individual who performs services for a customer of the CPEO and is covered by a contract described in section 7705(e)(2) between the CPEO and the customer (CPEO contract), but only for wages and other compensation paid to the individual by the CPEO. However, with respect to certain employees covered by a CPEO contract, you may also be treated as an employer of the employees and, consequently, may also be liable for federal employment taxes imposed on wages and other compensation paid by the CPEO to such employees.

CPEOs must complete Schedule R (Form 940), Schedule R (Form 941), or Schedule R (Form 943) when filing an aggregate Form 940, 941, or 943, respectively. CPEOs file Form 8973 to notify the IRS that they started or ended a service contract with a customer. To become a CPEO, the organization must apply through the IRS Online Registration System. For more information or to apply to become a CPEO, go to [IRS.gov/CPEO](https://www.irs.gov/CPEO). Also see [Revenue Procedure 2023-18](#).



If both an employer and a section 3504 authorized agent (or CPEO or other third-party payer) paid wages to an employee during a quarter, both the employer and the section 3504 authorized agent (or CPEO or other third-party payer, if applicable) should file Form 941 reporting the wages each entity paid to the employee during the applicable quarter and issue Forms W-2

reporting the wages each entity paid to the employee during the year.

17. Federal Agency Certifying Requirements of Federal Income Taxes Withheld From U.S. Government Employees Working in, or Federal Pension Recipients Residing in, American Samoa, the CNMI, and Guam

Special Certifying Requirements for Federal Agencies

This section sets forth the legal authorities requiring federal agencies to certify to the IRS the amount of federal income taxes withheld from amounts paid to U.S. Government employees working in, as well as federal civilian and military pensioners residing in, American Samoa, the CNMI, and Guam. As noted below, these special certifying requirements don't apply to federal agencies who have employees working in Puerto Rico or the USVI.

American Samoa

Code sections 931(a), 931(d), and 7654 provide that the U.S. Government is required to transfer (“cover over”) to the Treasury of American Samoa the federal income taxes withheld on amounts paid to military and civilian employees and pensioners who are residents of American Samoa. The effect of these provisions is that the federal government transfers on at least an annual basis the federal income taxes withheld or collected from its employees and pensioners who are residents of American Samoa to the American Samoa Treasury. In order for the federal government to cover over these income taxes as required by law, federal agencies must certify the amount of federal income taxes withheld or collected from its employees and pensioners by following the procedures discussed under [Certification Procedures](#), later in this section.

Commonwealth of the Northern Mariana Islands

Code section 7654 and 48 U.S.C. section 1681 [P.L. 94-241, section 703(b)] provide that the U.S. Government is required to cover over to the Treasury of the CNMI the federal income taxes withheld on amounts paid to military

and civilian employees and pensioners who are residents of the CNMI. The effect of these provisions is that the federal government transfers on at least an annual basis the federal income taxes withheld or collected from its employees and pensioners who are residents of the CNMI to the CNMI Treasury. In order for the federal government to cover over these federal income taxes as required by law, federal agencies must certify the amount of federal income taxes withheld or collected from its employees and pensioners by following the procedures discussed under [Certification Procedures](#), later in this section. As discussed in the *Caution* next, federal agencies aren't required to certify the amount of local CNMI taxes that are withheld or collected.



The U.S. Treasury Department and the CNMI Division of Revenue and Taxation entered into an agreement under 5 U.S.C. section 5517 in December 2006. Under this agreement, all federal employers (including the Department of Defense) are required to withhold CNMI income taxes (rather than federal income taxes) and deposit the CNMI taxes with the CNMI Treasury for employees whose regular place of federal employment is in the CNMI. Federal employers are also required to file quarterly and annual reports with the CNMI Division of Revenue and Taxation. The 5517 agreement isn't applicable to payments made to pensioners and compensation paid to members of the U.S. Armed Forces who are stationed in the CNMI but have a state of legal residence outside the CNMI. For more information, including details on completing Form W-2, go to [IRS.gov/5517Agreements](https://www.irs.gov/5517Agreements).

Guam

Code section 7654 and 48 U.S.C. section 1421(h) provide that the U.S. Government is required to cover over to the Treasury of Guam the federal income taxes withheld on amounts paid to military and civilian employees and pensioners who are residents of Guam. The effect of these provisions is that the federal government transfers on at least an annual basis the federal income taxes withheld or collected from its employees and pensioners who are residents of Guam to the Guam Treasury. In order for the federal government to cover over these federal income taxes as required by law, federal agencies must certify the amount of federal income taxes withheld or collected from its employees by following the procedures discussed under [Certification Procedures](#), later in this section.

Puerto Rico

These special certifying requirements don't apply to federal agencies who have employees working in Puerto Rico.



The U.S. Treasury Department and Puerto Rico entered into an agreement under 5 U.S.C. section 5517 in November 1988. Under this agreement, all federal employers (including the Department of Defense) are required to withhold Puerto Rico income taxes (rather than federal income taxes) and deposit the Puerto Rico taxes with the Puerto Rico Treasury for employees

whose regular place of federal employment is in Puerto Rico. Federal employers are also required to file quarterly and annual reports with the Puerto Rico tax department. The 5517 agreement isn't applicable to payments made to pensioners and compensation paid to members of the U.S. Armed Forces who are stationed in Puerto Rico but have a state of legal residence outside Puerto Rico. For more information, including details on completing Form W-2, go to [IRS.gov/5517Agreements](https://www.irs.gov/5517Agreements).

U.S. Virgin Islands

These special certifying requirements don't apply to federal agencies who have employees working in the USVI.

“Federal Income Taxes” From American Samoa, the CNMI, or Guam

This section describes what “federal income taxes” are subject to these certification procedures.

For purposes of these cover over certification requirements, the term “federal income taxes” includes federal income taxes that have been withheld from compensation and other amounts paid to and deposited into the U.S. Treasury on any of the following.

- a. Federal government civilian employees who are residents of American Samoa, the CNMI, or Guam.
- b. Recipients (including survivors) of federal pensions (civilian or military) who are residents of American Samoa, the CNMI, or Guam.
- c. Military personnel stationed in American Samoa, the CNMI, or Guam.
- d. Military personnel not stationed in American Samoa, the CNMI, or Guam but who have a state of legal residence in any of these territories.
- e. Employees of a service or social organization associated with a military or civilian agency in American Samoa, the CNMI, or Guam.

Certification Procedures

This section contains the procedures federal agencies must follow to certify to the IRS the amount of “federal income taxes” paid to and deposited into the U.S. Treasury. All departments and agencies of the federal government (as well as service and social organizations associated with a military or civilian federal entity) that withhold federal income taxes on amounts paid to employees and pensioners of the United States (or any agency thereof) as provided herein must certify to the IRS each calendar quarter the total amount of federal income taxes withheld

that have been deposited into the U.S. Treasury. Federal agencies must submit a separate certification for federal income taxes creditable to American Samoa, the CNMI, and Guam, as applicable.

Except as provided below, these certifications should be in the form of a letter and should include:

1. A citation to Pub. 15 as the authority for the certification,
2. The name of the federal certifying agency or department,
3. The certifying agency's EIN,
4. The calendar quarter and fiscal year covered by the certification,
5. The total number of individuals covered by the certification, and
6. The aggregate dollar amount of federal income taxes withheld on all individuals covered by the certification.

A federal government department or agency that submits a certification on behalf of another department or agency must include the name and EIN of each subordinate or designated federal department or agency included, along with the required data for each subordinate or designated department or agency. In this instance, the certifying agency must send the certification at least on an annual basis, no later than February 14.

In addition, federal government agencies certifying for compensation paid to military personnel not stationed in American Samoa, the CNMI, or Guam but who have a state of legal residence in one of these territories must provide each servicemember's name, SSN, amount of annual salary paid, and total amount of annual federal income tax withheld.

The amounts shown in the certification must agree with the amounts of federal income tax withheld and reported on the quarterly federal tax return(s) of the agency (Form 941).

Federal agencies must submit these certifications on a quarterly basis no later than 45 days after the close of each calendar quarter as follows.

Quarter	Due
First quarter (ending March 31)	May 15
Second quarter (ending June 30)	Aug. 14
Third quarter (ending September 30)	Nov. 14
Fourth quarter (ending December 31)	Feb. 14

Federal agencies should mail this certification to the following address.

Internal Revenue Service
 Revenue Systems and Analysis
 Attn: OS:CFO:FM:RA:S (77K St)
 1111 Constitution Ave NW
 CFO/FM - Mail Stop 6167
 Washington, DC 20224
 Fax: 202-803-9691

How To Get Tax Help

If you have questions about a tax issue; need help preparing your tax return; or want to download free publications, forms, or instructions, go to [IRS.gov](https://www.irs.gov) to find resources that can help you right away.

Preparing and filing your tax return. Go to [IRS.gov/employmentefile](https://www.irs.gov/employmentefile) for more information on filing your employment tax returns electronically.



Getting answers to your tax questions. On IRS.gov, you can get up-to-date information on current events and changes in tax law.

- [IRS.gov/Help](https://www.irs.gov/help): A variety of tools to help you get answers to some of the most common tax questions.
- [IRS.gov/Forms](https://www.irs.gov/forms): Find forms, instructions, and publications. You will find details on the most recent tax changes and interactive links to help you find answers to your questions.
- You may also be able to access tax information in your e-filing software.

Need someone to prepare your tax return? There are various types of tax return preparers, including enrolled agents, certified public accountants (CPAs), accountants, and many others who don't have professional credentials. If you choose to have someone prepare your tax return, choose that preparer wisely. A paid tax preparer is:

- Primarily responsible for the overall substantive accuracy of your return,
- Required to sign the return, and
- Required to include their preparer tax identification number (PTIN).



Although the tax preparer always signs the return, you're ultimately responsible for providing all the information required for the preparer to accurately prepare your return and for the accuracy of every item reported on the return. Anyone paid to prepare tax returns for others should have a thorough understanding of tax matters. For more information on how to choose a tax preparer, go to [Tips for Choosing a Tax Preparer](https://www.irs.gov/tips-for-choosing-a-tax-preparer) on IRS.gov.

Employers can register to use Business Services Online. The SSA offers online service at [SSA.gov/employer](https://ssa.gov/employer) for fast, free, and secure W-2 filing options to CPAs, accountants, enrolled agents, and individuals who process Form W-2 and Form W-2c.

IRS social media. Go to [IRS.gov/SocialMedia](https://www.irs.gov/socialmedia) to see the various social media tools the IRS uses to share the latest information on tax changes, scam alerts, initiatives, products, and services. At the IRS, privacy and security are our highest priority. We use these tools to share public information with you. **Don't** post your social security number (SSN) or other confidential information on social media

sites. Always protect your identity when using any social networking site.

The following IRS YouTube channels provide short, informative videos on various tax-related topics in English, Spanish, and ASL.

- [Youtube.com/irs/videos](https://www.youtube.com/irs/videos).
- [Youtube.com/irs/videos/multilingua](https://www.youtube.com/irs/videos/multilingua).
- [Youtube.com/irs/videos/ASL](https://www.youtube.com/irs/videos/asl).

Watching IRS videos. The IRS Video portal ([IRSVideos.gov](https://www.irs.gov/irs/videos)) contains video and audio presentations for individuals, small businesses, and tax professionals.

Online tax information in other languages. You can find information on [IRS.gov/MyLanguage](https://www.irs.gov/MyLanguage) if English isn't your native language.

Free Over-the-Phone Interpreter (OPI) Service. The IRS is committed to serving taxpayers with limited-English proficiency (LEP) by offering OPI services. The OPI Service is a federally funded program and is available at Taxpayer Assistance Centers (TACs), most IRS offices, and every VITA/TCE tax return site. The OPI Service is accessible in more than 350 languages.

Accessibility Helpline available for taxpayers with disabilities. Taxpayers who need information about accessibility services can call 833-690-0598. The Accessibility Helpline can answer questions related to current and future accessibility products and services available in alternative media formats (for example, braille, large print, audio, etc.). The Accessibility Helpline doesn't have access to your IRS account. For help with tax law, refunds, or account-related issues, go to [IRS.gov/LetUsHelp](https://www.irs.gov/LetUsHelp).

Disasters. Go to [IRS.gov/DisasterRelief](https://www.irs.gov/DisasterRelief) to review the available disaster tax relief.

Getting tax forms and publications. Go to [IRS.gov/Forms](https://www.irs.gov/Forms) to view, download, or print most of the forms, instructions, and publications you may need. Or, you can go to [IRS.gov/OrderForms](https://www.irs.gov/OrderForms) to place an order.

Getting tax publications and instructions in eBook format. Download and view most tax publications and instructions (including Pub. 15) on mobile devices as eBooks at [IRS.gov/eBooks](https://www.irs.gov/eBooks).

IRS eBooks have been tested using Apple's iBooks for iPad. Our eBooks haven't been tested on other dedicated eBook readers, and eBook functionality may not operate as intended.

Get a transcript of your return. You can get a copy of your tax transcript or a copy of your return by calling 800-829-4933 or by mailing Form 4506-T (transcript request) or Form 4506 (copy of return) to the IRS.

Reporting and resolving your tax-related identity theft issues.

- Tax-related identity theft happens when someone steals your personal information to commit tax fraud.

Your taxes can be affected if your EIN is used to file a fraudulent return or to claim a refund or credit.

- The IRS doesn't initiate contact with taxpayers by email, text messages (including shortened links), telephone calls, or social media channels to request or verify personal or financial information. This includes requests for personal identification numbers (PINs), passwords, or similar information for credit cards, banks, or other financial accounts.
- Go to [IRS.gov/IdentityTheft](https://www.irs.gov/IdentityTheft), the IRS Identity Theft Central webpage, for information on identity theft and data security protection for taxpayers, tax professionals, and businesses. If your EIN has been lost or stolen or you suspect you're a victim of tax-related identity theft, you can learn what steps you should take.

Making a tax payment. Payments of U.S. tax must be remitted to the IRS in U.S. dollars. [Digital assets](https://www.irs.gov/digitalassets) are **not** accepted. Go to [IRS.gov/Payments](https://www.irs.gov/Payments) for information on how to make a payment using any of the following options.

- [Debit Card, Credit Card, or Digital Wallet](https://www.irs.gov/debitcard): Choose an approved payment processor to pay online or by phone.
- [Electronic Funds Withdrawal](https://www.irs.gov/electronicfunds): Schedule a payment when filing your federal taxes using tax return preparation software or through a tax professional.
- [Electronic Federal Tax Payment System](https://www.irs.gov/electronicfederal): Best option for businesses. Enrollment is required.
- [Check or Money Order](https://www.irs.gov/check): Mail your payment to the address listed on the notice or instructions.
- [Cash](https://www.irs.gov/cash): You may be able to pay your taxes with cash at a participating retail store.
- [Same-Day Wire](https://www.irs.gov/sameday): You may be able to do same-day wire from your financial institution. Contact your financial institution for availability, cost, and time frames.

Note. The IRS uses the latest encryption technology to ensure that the electronic payments you make online, by phone, or from a mobile device using the IRS2Go app are safe and secure. Paying electronically is quick, easy, and faster than mailing in a check or money order.

What if I can't pay now? Go to [IRS.gov/Payments](https://www.irs.gov/Payments) for more information about your options.

- Apply for an [online payment agreement \(IRS.gov/OPA\)](https://www.irs.gov/opa) to meet your tax obligation in monthly installments if you can't pay your taxes in full today. Once you complete the online process, you will receive immediate notification of whether your agreement has been approved.
- Use the [Offer in Compromise Pre-Qualifier](https://www.irs.gov/offer) to see if you can settle your tax debt for less than the full amount you owe. For more information on the Offer in Compromise program, go to [IRS.gov/OIC](https://www.irs.gov/OIC).

Understanding an IRS notice or letter you've received. Go to [IRS.gov/Notices](https://www.irs.gov/Notices) to find additional information about responding to an IRS notice or letter.

Responding to an IRS notice or letter. You can now upload responses to all notices and letters using the Document Upload Tool. For notices that require additional action, taxpayers will be redirected appropriately on IRS.gov to take further action. To learn more about the tool, go to [IRS.gov/Upload](https://www.irs.gov/Upload).

Contacting your local TAC. Keep in mind, many questions can be answered on IRS.gov without visiting a TAC. Go to [IRS.gov/LetUsHelp](https://www.irs.gov/LetUsHelp) for the topics people ask about most. If you still need help, TACs provide tax help when a tax issue can't be handled online or by phone. All TACs now provide service by appointment, so you'll know in advance that you can get the service you need without long wait times. Before you visit, go to [IRS.gov/TACLocator](https://www.irs.gov/TACLocator) to find the nearest TAC and to check hours, available services, and appointment options. Or, on the IRS2Go app, under the Stay Connected tab, choose the Contact Us option and click on "Local Offices."

The Taxpayer Advocate Service (TAS) Is Here To Help You

What Is TAS?

TAS is an *independent* organization within the IRS that helps taxpayers and protects taxpayer rights. TAS strives to ensure that every taxpayer is treated fairly and that you know and understand your rights under the [Taxpayer Bill of Rights](https://www.irs.gov/TaxpayerBillOfRights).

How Can You Learn About Your Taxpayer Rights?

The Taxpayer Bill of Rights describes 10 basic rights that all taxpayers have when dealing with the IRS. Go to [TaxpayerAdvocate.IRS.gov](https://www.irs.gov/TaxpayerAdvocate.IRS.gov) to help you understand what these rights mean to you and how they apply. These are *your* rights. Know them. Use them.

What Can TAS Do for You?

TAS can help you resolve problems that you can't resolve with the IRS. And their service is free. If you qualify for their assistance, you will be assigned to one advocate who will work with you throughout the process and will do everything possible to resolve your issue. TAS can help you if:

- Your problem is causing financial difficulty for you, your family, or your business;
- You face (or your business is facing) an immediate threat of adverse action; or
- You've tried repeatedly to contact the IRS but no one has responded, or the IRS hasn't responded by the date promised.

How Can You Reach TAS?

TAS has offices [in every state, the District of Columbia, and Puerto Rico](https://www.irs.gov/TaxpayerAdvocate.IRS.gov/Contact-Us). To find your advocate's number:

- Go to [TaxpayerAdvocate.IRS.gov/Contact-Us](https://www.irs.gov/TaxpayerAdvocate.IRS.gov/Contact-Us);
- Download Pub. 1546, The Taxpayer Advocate Service Is Your Voice at the IRS, available at [IRS.gov/pub/irs-pdf/p1546.pdf](https://www.irs.gov/pub/irs-pdf/p1546.pdf);
- Call the IRS toll free at 800-TAX-FORM (800-829-3676) to order a copy of Pub. 1546;
- Check your local directory; or
- Call TAS toll free at 877-777-4778.

How Else Does TAS Help Taxpayers?

TAS works to resolve large-scale problems that affect many taxpayers. If you know of one of these broad issues, report it to TAS at [IRS.gov/SAMS](https://www.irs.gov/SAMS). Be sure to not include any personal taxpayer information.

**A**

Accuracy of deposits rule [33](#)
 Additional Medicare Tax [28, 41](#)
 Adjustments [39](#)
 Agricultural labor [44](#)
 Aliens, nonresident [25, 29](#)
 Allocated tips [21](#)
 Archer MSAs [19](#)
 Assistance (See Tax help)

B

Backup withholding [7](#)
 Business expenses, employee [18](#)

C

Calendar [9](#)
 Certified professional employer organizations (CPEOs) [3, 52](#)
 Change of business address or responsible party [8](#)
 Commodity wages [17](#)
 Correcting employment taxes [40](#)
 Correcting errors (prior period adjustments) [40](#)
 Crew leaders [13](#)
 Criminal prosecution [36](#)

D

Delivery services, private [8](#)
 Depositing taxes:
 Penalties [34](#)
 Rules [30](#)
 Differential wage payments [4, 19](#)
 Disaster tax relief [2](#)

E

E-file [37](#)
 E-news for payroll professionals [9](#)
 Election worker [12](#)
 Electronic deposit requirement [34](#)
 Electronic Federal Tax Payment System (EFTPS) [34](#)
 Electronic filing [5, 37](#)
 Eligibility for employment [6](#)
 Employees defined [12](#)
 Employer identification number (EIN) [12](#)
 Employer responsibilities [7](#)

F

Family employees [15](#)
 Farmworkers [13](#)
 Federal agency certifying requirements [52](#)
 Final return [38](#)
 Foreign persons treated as American employers [29](#)
 Fringe benefits [19](#)
 Fringe Benefits:
 Social security and Medicare taxes withholding on fringe benefits [20](#)
 FUTA tax [42](#)

G

Government employees, nonfederal [50](#)
 Government employers [11](#)

H

H-2A visa holders [17](#)
 Health insurance plans [19](#)
 Health savings accounts (HSAs) [19](#)
 Hiring new employees [6](#)
 Household employees [37](#)
 How To Figure Social Security and Medicare Taxes:
 Deducting the tax [28](#)
 Sick pay [29](#)
 Taxes paid by employer [28](#)

I

Identity protection services [21](#)
 Income tax withholding [24](#)
 Information returns [6](#)
 International social security agreements [29](#)

L

Long-term-care insurance [19](#)
 Lookback period [30](#)

M

Meals and lodging [19](#)
 Medicaid waiver payments [4](#)
 Medical care [19](#)
 Medical savings accounts (MSAs) [19](#)
 Medicare tax [27](#)
 Mileage [18](#)
 Monthly deposit schedule [31](#)
 Motion picture project employers [29](#)
 Moving expense reimbursement [3](#)

N

New employees [6](#)
 Noncash wages [17, 18](#)
 Nonemployee compensation [7](#)

O

Outsourcing payroll duties [3](#)

P

Part-time workers [29](#)
 Payroll period [23](#)
 Payroll service provider (PSP) [51](#)
 Penalties [34, 37](#)
 Private delivery services (PDSs) [8](#)
 Publications (See Tax help)

Q

Qualified small business payroll tax credit for increasing research activities [2](#)

R

Reconciling Forms W-2 and Forms 941 or Form 944 [38](#)
 Recordkeeping [8](#)
 Reimbursements [18](#)
 Repayments, wages [41](#)
 Reporting agent [51](#)

S

Seasonal employers [37](#)
 Semiweekly deposit schedule [31](#)
 Severance payments [4](#)
 Share farmers [17](#)
 Sick pay [20](#)
 Social security and Medicare taxes [27](#)
 Social security number, employee [15](#)
 Spouse [14](#)
 Standard mileage rate [18](#)
 Statutory employees [13](#)
 Statutory nonemployees [13](#)
 Successor employer [28, 43](#)
 Supplemental wages [22](#)

T

Tax help [54](#)
 Telephone help [9](#)
 Third-party payer arrangements [51](#)
 Third-party sick pay tax adjustment [39](#)
 Tip rate determination agreement [22](#)
 Tip rate determination and education program [22](#)
 Tips [21, 23](#)
 Trust fund recovery penalty [35](#)

U

Unemployment tax, federal [42](#)

V

Vacation pay [23](#)

W

Wage repayments [41](#)
 Wages defined [17](#)
 Wages not paid in money [18](#)
 Where to get and file Form SS-5 in the U.S. territories [16](#)
 Withholding:
 Backup [7](#)
 Certificate [24](#)
 Exemption [25](#)
 Fringe benefits [20](#)
 Income tax [6, 24](#)
 Levies [27](#)
 Nonresident aliens [29](#)
 Pensions and annuities [6](#)
 Social security and Medicare taxes [27](#)
 Tips [23](#)

Z

Zero wage return [4](#)

Table 2-1. Special Rules for Various Types of Fringe Benefits

Type of Fringe Benefit	Income Tax Withholding	Social Security and Medicare	Federal Unemployment (FUTA)
Accident and Health Benefits	Exempt except for long-term care benefits provided through a flexible spending or similar arrangement	Exempt except for certain payment to S-corporation employees who are 2% shareholders	Exempt
Achievement Awards	Exempt up to \$1,600 for qualified plan awards (\$400 for nonqualified awards)		
Adoption Assistance	Exempt	Taxable	Taxable
Athletic Facilities	Exempt if substantially all use during the calendar year is by employees, their spouses, and their dependent children, and the facility is operated by the employer on the premises owned or leased by the employer		
De minimis Benefits	Exempt	Exempt	Exempt
Dependent Care Benefits	Exempt up to certain limits, \$5,000 (\$2,500 for married filed separate)		
Educational Assistance	Exempt up to \$5,250 of benefits each year		
Employee Discounts	Exempt up to certain limits		
Employee Stock Options			
Employer-provided Cell Phones	Exempt if provided primarily for noncompensatory business purposes		
Group-Term Life Insurance	Exempt	Exempt up to cost of \$50,000 of coverage	Exempt
Health Savings Accounts (HSAs)	Exempt for qualified individuals up to the H.S.A contribution limits		
Lodging on your Business Premises	Exempt if furnished on your business premises, for your convenience, and as a condition of employment.		
Meals	Exempt if furnished on your business premises for your convenience. Exempt if de minimis.		
No-Additional-Cost Services	Exempt	Exempt	Exempt
Retirement Planning Services	Exempt	Exempt	Exempt
Transportation (Commuting) Benefits	Exempt up to certain limits if for rides in a commuter highway vehicle and/or transit passes (\$280) or qualified parking (\$280). Exempt if de minimis.		
Tuition Reduction	Exempt if for undergraduate education (or graduate education if the employee performs teaching or research activities)		
Working Condition Benefits	Exempt	Exempt	Exempt



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For use in **2024**



Get forms and other information faster and easier at:

- [IRS.gov](https://www.irs.gov) (English)
- [IRS.gov/Korean](https://www.irs.gov/Korean) (한국어)
- [IRS.gov/Spanish](https://www.irs.gov/Spanish) (Español)
- [IRS.gov/Russian](https://www.irs.gov/Russian) (Русский)
- [IRS.gov/Chinese](https://www.irs.gov/Chinese) (中文)
- [IRS.gov/Vietnamese](https://www.irs.gov/Vietnamese) (Tiếng Việt)

Contents

What's New	1
Reminders	2
Introduction	2
1. Fringe Benefit Overview	3
2. Fringe Benefit Exclusion Rules	5
Accident and Health Benefits	5
Achievement Awards	7
Adoption Assistance	8
Athletic Facilities	9
De Minimis (Minimal) Benefits	9
Dependent Care Assistance	10
Educational Assistance	10
Employee Discounts	11
Employee Stock Options	12
Employer-Provided Cell Phones	13
Group-Term Life Insurance Coverage	13
Health Savings Accounts (HSAs)	15
Lodging on Your Business Premises	16
Meals	17
No-Additional-Cost Services	19
Retirement Planning Services	20
Transportation (Commuting) Benefits	20
Tuition Reduction	22
Working Condition Benefits	22
3. Fringe Benefit Valuation Rules	25
General Valuation Rule	25
Cents-Per-Mile Rule	25
Commuting Rule	26
Lease Value Rule	27
Unsafe Conditions Commuting Rule	29
4. Rules for Withholding, Depositing, and Reporting	30
How To Get Tax Help	31
Index	35

Future Developments

For the latest information about developments related to Pub. 15-B, such as legislation enacted after it was published, go to [IRS.gov/Pub15B](https://www.irs.gov/Pub15B). For the latest guidance and information about COVID-19 tax relief, go to [IRS.gov/Coronavirus](https://www.irs.gov/Coronavirus).

What's New

Cents-per-mile rule. The business mileage rate for 2024 is 67 cents per mile. You may use this rate to reimburse an employee for business use of a personal vehicle, and

under certain conditions, you may use the rate under the cents-per-mile rule to value the personal use of a vehicle you provide to an employee. See [Cents-Per-Mile Rule](#) in section 3.

Qualified parking exclusion and commuter transportation benefit. For 2024, the monthly exclusion for qualified parking is \$315 and the monthly exclusion for commuter highway vehicle transportation and transit passes is \$315. See [Qualified Transportation Benefits](#) in section 2.

Contribution limit on a health flexible spending arrangement (FSA). For plan years beginning in 2024, a cafeteria plan may not allow an employee to request salary reduction contributions for a health FSA in excess of \$3,200.

Reminders

Moving expense reimbursements. P.L. 115-97, Tax Cuts and Jobs Act, suspends the exclusion for qualified moving expense reimbursements from your employee's income for tax years beginning after 2017 and before 2026. However, the exclusion is still available in the case of a member of the U.S. Armed Forces on active duty who moves because of a permanent change of station due to a military order. The exclusion applies only to reimbursement of moving expenses that the member could deduct if they had paid or incurred them without reimbursement. See *Moving Expenses* in Pub. 3, Armed Forces' Tax Guide, for the definition of what constitutes a permanent change of station and to learn which moving expenses are deductible.

Bicycle commuting reimbursements. P.L. 115-97 suspends the exclusion of qualified bicycle commuting reimbursements from your employee's income for tax years beginning after 2017 and before 2026. See [Transportation \(Commuting\) Benefits](#) in section 2.

Withholding on supplemental wages. P.L. 115-97 lowered the federal income tax withholding rates on supplemental wages for tax years beginning after 2017 and before 2026. See [Withholding and depositing taxes](#) in section 4 for the withholding rates.

Form 1099-NEC, Nonemployee Compensation. Use Form 1099-NEC to report nonemployee compensation paid in 2023. The 2023 Form 1099-NEC is due January 31, 2024.

Additional permitted election changes for health coverage under a cafeteria plan. Notice 2014-55, 2014-41 I.R.B. 672, available at [IRS.gov/irb/2014-41_IRB#NOT-2014-55](#), expands the application of the permitted change rules for health coverage under a cafeteria plan and discusses two specific situations in which a cafeteria plan participant is permitted to revoke their election under a cafeteria plan during a period of coverage.

Definition of marriage. A marriage of two individuals is recognized for federal tax purposes if the marriage is recognized by the state or territory of the United States in which the marriage is entered into, regardless of legal

residence. Two individuals who enter into a relationship that is denominated as a marriage under the laws of a foreign jurisdiction are recognized as married for federal tax purposes if the relationship would be recognized as a marriage under the laws of at least one state or territory of the United States, regardless of legal residence. Individuals who have entered into a registered domestic partnership, civil union, or other similar relationship that isn't denominated as a marriage under the law of the state or territory of the United States where such relationship was entered into aren't lawfully married for federal tax purposes, regardless of legal residence.

Notice 2014-1 discusses how certain rules for cafeteria plans, including health and dependent care FSAs, and health savings accounts (HSAs) apply to same-sex spouses participating in employee benefit plans. Notice 2014-1, 2014-2 I.R.B. 270, is available at [IRS.gov/irb/2014-02_IRB#NOT-2014-1](#).

Getting tax forms, instructions, and publications. Visit [IRS.gov/Forms](#) to download current and prior-year forms, instructions, and publications.

Ordering tax forms, instructions, and publications. Go to [IRS.gov/OrderForms](#) to order current forms, instructions, and publications; call 800-829-3676 to order prior-year forms and instructions. The IRS will process your order as soon as possible. **Don't** resubmit requests you've already sent us. You can get forms, instructions, and publications faster online.

Getting answers to your tax questions. If you have a tax question not answered by this publication, check IRS.gov and [How To Get Tax Help](#) at the end of this publication.

Photographs of missing children. The IRS is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](#). Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Introduction

This publication supplements Pub. 15, Employer's Tax Guide, and Pub. 15-A, Employer's Supplemental Tax Guide. It contains information for employers on the employment tax treatment of fringe benefits.

Comments and suggestions. We welcome your comments about this publication and your suggestions for future editions.

You can send us comments through [IRS.gov/FormComments](#).

Or you can write to:

Internal Revenue Service
Tax Forms and Publications
1111 Constitution Ave. NW, IR-6526
Washington, DC 20224

Although we can't respond individually to each comment received, we do appreciate your feedback and will consider your comments as we revise our tax forms, instructions, and publications. **Don't** send tax questions, tax returns, or payments to this address.

1. Fringe Benefit Overview

A fringe benefit is a form of pay for the performance of services. For example, you provide an employee with a fringe benefit when you allow the employee to use a business vehicle to commute to and from work.

Performance of services. A person who performs services for you doesn't have to be your employee. A person may perform services for you as an independent contractor, partner, or director. Also, for fringe benefit purposes, treat a person who agrees not to perform services (such as under a covenant not to compete) as performing services.

Provider of benefit. You're the provider of a fringe benefit if it is provided for services performed for you. You're considered the provider of a fringe benefit even if a third party, such as your client or customer, provides the benefit to your employee for services the employee performs for you. For example, if, in exchange for goods or services, your customer provides daycare services as a fringe benefit to your employees for services they provide for you as their employer, then you're the provider of this fringe benefit even though the customer is actually providing the daycare.

Recipient of benefit. The person who performs services for you is considered the recipient of a fringe benefit provided for those services. That person may be considered the recipient even if the benefit is provided to someone who didn't perform services for you. For example, your employee may be the recipient of a fringe benefit you provide to a member of the employee's family.

Are Fringe Benefits Taxable?

Any fringe benefit you provide is taxable and must be included in the recipient's pay unless the law specifically excludes it. [Section 2](#) discusses the exclusions that apply to certain fringe benefits. Any benefit not excluded under the rules discussed in section 2 is taxable.

Including taxable benefits in pay. You must include in a recipient's pay the amount by which the value of a fringe benefit is more than the sum of the following amounts.

- Any amount the law excludes from pay.
- Any amount the recipient paid for the benefit.

The rules used to determine the value of a fringe benefit are discussed in [section 3](#).

If the recipient of a taxable fringe benefit is your employee, the benefit is generally subject to employment taxes and must be reported on Form W-2, Wage and Tax

Statement. However, you can use special rules to withhold, deposit, and report the employment taxes. These rules are discussed in [section 4](#).

If the recipient of a taxable fringe benefit isn't your employee, the benefit isn't subject to employment taxes. However, you may have to report the benefit on one of the following information returns.

IF the recipient receives the benefit as...

THEN use...

an independent contractor

Form 1099-NEC.

a partner

Schedule K-1 (Form 1065), Partner's Share of Income, Deductions, Credits, etc.

For more information, see the instructions for the forms listed above.

Cafeteria Plans

A cafeteria plan, including an FSA, provides participants an opportunity to receive qualified benefits on a pre-tax basis. It is a written plan that allows your employees to choose between receiving cash or taxable benefits, instead of certain qualified benefits for which the law provides an exclusion from wages. If an employee chooses to receive a qualified benefit under the plan, the fact that the employee could have received cash or a taxable benefit instead won't make the qualified benefit taxable.

Generally, a cafeteria plan doesn't include any plan that offers a benefit that defers pay. However, a cafeteria plan can include a qualified 401(k) plan as a benefit. Also, certain life insurance plans maintained by educational institutions can be offered as a benefit even though they defer pay.

Qualified benefits. A cafeteria plan can include the following benefits discussed in [section 2](#).

- Accident and health benefits (but not Archer medical savings accounts (Archer MSAs) or long-term care insurance).
- Adoption assistance.
- Dependent care assistance.
- Group-term life insurance coverage (including costs that can't be excluded from wages).
- HSAs. Distributions from an HSA may be used to pay eligible long-term care insurance premiums or to pay for qualified long-term care services.

Benefits not allowed. A cafeteria plan can't include the following benefits discussed in [section 2](#).

- Archer MSAs. See [Accident and Health Benefits](#) in section 2.
- Athletic facilities.
- De minimis (minimal) benefits.

- Educational assistance.
- Employee discounts.
- Employer-provided cell phones.
- Lodging on your business premises.
- Meals.
- No-additional-cost services.
- Retirement planning services.
- Transportation (commuting) benefits.
- Tuition reduction.
- Working condition benefits.

It also can't include scholarships or fellowships (discussed in Pub. 970).

Contribution limit on a health FSA. For plan years beginning in 2024, a cafeteria plan may not allow an employee to request salary reduction contributions for a health FSA in excess of \$3,200.

A cafeteria plan that doesn't limit health FSA contributions to the dollar limit isn't a cafeteria plan and all benefits offered under the plan are includible in the employee's gross income.

For more information, see Notice 2012-40, 2012-26 I.R.B. 1046, available at [IRS.gov/irb/2012-26_IRB#NOT-2012-40](https://www.irs.gov/irb/2012-26_IRB#NOT-2012-40).

“Use-or-lose” rule for health FSAs. Instead of a grace period, you may, at your option, amend your cafeteria plan to allow an employee's unused contributions to carry over to the immediately following plan year. For more information, see Notice 2013-71, 2013-47 I.R.B. 532, available at [IRS.gov/irb/2013-47_IRB#NOT-2013-71](https://www.irs.gov/irb/2013-47_IRB#NOT-2013-71); and Notice 2020-33, 2020-22 I.R.B. 868, available at [IRS.gov/irb/2020-22_IRB#NOT-2020-33](https://www.irs.gov/irb/2020-22_IRB#NOT-2020-33).

Employee. For these plans, treat the following individuals as employees.

- A current common-law employee. See section 2 in Pub. 15.
- A full-time life insurance agent who is a current statutory employee.
- A leased employee who has provided services to you on a substantially full-time basis for at least a year if the services are performed under your primary direction or control.

Exception for S corporation shareholders. Don't treat a 2% shareholder of an S corporation as an employee of the corporation for this purpose. A 2% shareholder for this purpose is someone who directly or indirectly owns (at any time during the year) more than 2% of the corporation's stock or stock with more than 2% of the voting power. Treat a 2% shareholder as you would a partner in a partnership for fringe benefit purposes, but don't treat the benefit as a reduction in distributions to the 2% shareholder. For more information, see Revenue Ruling 91-26, 1991-1 C.B. 184.

Plans that favor highly compensated employees. If your plan favors highly compensated employees as to eligibility to participate, contributions, or benefits, you must include in their wages the value of taxable benefits they could have selected. A plan you maintain under a collective bargaining agreement doesn't favor highly compensated employees.

A highly compensated employee for this purpose is any of the following employees.

1. An officer.
2. A shareholder who owns more than 5% of the voting power or value of all classes of the employer's stock.
3. An employee who is highly compensated based on the facts and circumstances.
4. A spouse or dependent of a person described in (1), (2), or (3).

Plans that favor key employees. If your plan favors key employees, you must include in their wages the value of taxable benefits they could have selected. A plan favors key employees if more than 25% of the total of the nontaxable benefits you provide for all employees under the plan go to key employees. However, a plan you maintain under a collective bargaining agreement doesn't favor key employees.

A key employee during 2024 is generally an employee who is either of the following.

1. An officer having annual pay of more than \$220,000.
2. An employee who for 2024 is either of the following.
 - a. A 5% owner of your business.
 - b. A 1% owner of your business whose annual pay is more than \$150,000.

Simple Cafeteria Plans for Small Businesses

Eligible employers meeting contribution requirements and eligibility and participation requirements can establish a simple cafeteria plan. Simple cafeteria plans are treated as meeting the nondiscrimination requirements of a cafeteria plan and certain benefits under a cafeteria plan.

Eligible employer. You're an eligible employer if you employed an average of 100 or fewer employees during either of the 2 preceding years. If your business wasn't in existence throughout the preceding year, you're eligible if you reasonably expect to employ an average of 100 or fewer employees in the current year. If you establish a simple cafeteria plan in a year that you employ an average of 100 or fewer employees, you're considered an eligible employer for any subsequent year until the year after you employ an average of 200 or more employees.

Eligibility and participation requirements. These requirements are met if all employees who had at least 1,000 hours of service for the preceding plan year are eligible to participate and each employee eligible to

participate in the plan may elect any benefit available under the plan. You may elect to exclude from the plan employees who:

1. Are under age 21 before the close of the plan year,
2. Have less than 1 year of service with you as of any day during the plan year,
3. Are covered under a collective bargaining agreement if there is evidence that the benefits covered under the cafeteria plan were the subject of good-faith bargaining, or
4. Are nonresident aliens working outside the United States whose income didn't come from a U.S. source.

Contribution requirements. You must make a contribution to provide qualified benefits on behalf of each qualified employee in an amount equal to:

1. A uniform percentage (not less than 2%) of the employee's compensation for the plan year; or
2. An amount that is at least 6% of the employee's compensation for the plan year or twice the amount of the salary reduction contributions of each qualified employee, whichever is less.

If the contribution requirements are met using option (2), the rate of contribution to any salary reduction contribution of a highly compensated or key employee can't be greater than the rate of contribution to any other employee.

More information. For more information about cafeteria plans, see section 125 of the Internal Revenue Code and its regulations.

2. Fringe Benefit Exclusion Rules

This section discusses the exclusion rules that apply to fringe benefits. These rules exclude all or part of the value of certain benefits from the recipient's pay.

In most cases, the excluded benefits aren't subject to federal income tax withholding, social security tax, Medicare tax, federal unemployment (FUTA) tax, or Railroad Retirement Tax Act (RRTA) taxes and aren't reported on Form W-2.

This section discusses the exclusion rules for the following fringe benefits.

- Accident and health benefits.
- Achievement awards.
- Adoption assistance.
- Athletic facilities.
- De minimis (minimal) benefits.
- Dependent care assistance.
- Educational assistance.
- Employee discounts.

- Employee stock options.
- Employer-provided cell phones.
- Group-term life insurance coverage.
- HSAs.
- Lodging on your business premises.
- Meals.
- No-additional-cost services.
- Retirement planning services.
- Transportation (commuting) benefits.
- Tuition reduction.
- Working condition benefits.

See [Table 2-1](#) for an overview of the employment tax treatment of these benefits.

Accident and Health Benefits

This exclusion applies to contributions you make to an accident or health plan for an employee, including the following.

- Contributions to the cost of accident or health insurance including qualified long-term care insurance.
- Contributions to a separate trust or fund that directly or through insurance provides accident or health benefits.
- Contributions to Archer MSAs or HSAs (discussed in Pub. 969).

This exclusion also applies to payments you directly or indirectly make to an employee under an accident or health plan for employees that are either of the following.

- Payments or reimbursements of medical expenses.
- Payments for specific permanent injuries (such as the loss of the use of an arm or leg). The payments must be figured without regard to the period the employee is absent from work.

Accident or health plan. This is an arrangement that provides benefits for your employees, their spouses, their dependents, and their children (under age 27 at the end of the tax year) in the event of personal injury or sickness. The plan may be insured or noninsured and doesn't need to be in writing.

Employee. For this exclusion, treat the following individuals as employees.

- A current common-law employee.
- A full-time life insurance agent who is a current statutory employee.
- A retired employee.
- A former employee you maintain coverage for based on the employment relationship.
- A surviving spouse of an individual who died while an employee.

Table 2-1. Special Rules for Various Types of Fringe Benefits
(For more information, see the full discussion in this section.)

Treatment Under Employment Taxes			
Type of Fringe Benefit	Income Tax Withholding	Social Security and Medicare (including Additional Medicare Tax when wages are paid in excess of \$200,000) ¹	Federal Unemployment (FUTA)
Accident and health benefits	Exempt (except 2% shareholder-employees of S corporations).	Exempt	Exempt
Achievement awards	Exempt ² up to \$1,600 for qualified plan awards (\$400 for nonqualified awards).		
Adoption assistance	Exempt ^{2,3}	Taxable	Taxable
Athletic facilities	Exempt if substantially all use during the calendar year is by employees, their spouses, and their dependent children, and the facility is operated by the employer on premises owned or leased by the employer.		
De minimis (minimal) benefits	Exempt	Exempt	Exempt
Dependent care assistance	Exempt ³ up to certain limits, \$5,000 (\$2,500 for married employee filing separate return).		
Educational assistance	Exempt up to \$5,250 of benefits each year. (See Educational Assistance , later in this section.)		
Employee discounts	Exempt ³ up to certain limits. (See Employee Discounts , later in this section.)		
Employee stock options	See Employee Stock Options , later in this section.		
Employer-provided cell phones	Exempt if provided primarily for noncompensatory business purposes.		
Group-term life insurance coverage	Exempt	Exempt ^{2,4,6} up to cost of \$50,000 of coverage. (Special rules apply to former employees.)	Exempt
Health savings accounts (HSAs)	Exempt for qualified individuals up to the HSA contribution limits. (See Health Savings Accounts , later in this section.)		
Lodging on your business premises	Exempt ² if furnished on your business premises, for your convenience, and as a condition of employment.		
Meals	Exempt ² if furnished on your business premises for your convenience.		
	Exempt if de minimis.		
No-additional-cost services	Exempt ³	Exempt ³	Exempt ³
Retirement planning services	Exempt ⁵	Exempt ⁵	Exempt ⁵
Transportation (commuting) benefits	Exempt ² up to certain limits if for rides in a commuter highway vehicle and/or transit passes (\$315) or qualified parking (\$315). (See Transportation (Commuting) Benefits , later in this section.)		
	Exempt if de minimis.		
Tuition reduction	Exempt ³ if for undergraduate education (or graduate education if the employee performs teaching or research activities).		
Working condition benefits	Exempt	Exempt	Exempt

¹ Or other railroad retirement taxes, if applicable.
² Exemption doesn't apply to S corporation employees who are 2% shareholders.
³ Exemption doesn't apply to certain highly compensated employees under a program that favors those employees.
⁴ Exemption doesn't apply to certain key employees under a plan that favors those employees.
⁵ Exemption doesn't apply to services for tax preparation, accounting, legal, or brokerage services.
⁶ You must include in your employee's wages the cost of group-term life insurance beyond \$50,000 worth of coverage, reduced by the amount the employee paid toward the insurance. Report it as wages in boxes 1, 3, and 5 of the employee's Form W-2. Also, show it in box 12 with code C. The amount is subject to social security and Medicare taxes, and you may, at your option, withhold federal income tax.

- A surviving spouse of a retired employee.
- For the exclusion of contributions to an accident or health plan, a leased employee who has provided services to you on a substantially full-time basis for at least a year if the services are performed under your primary direction or control.

Special rule for certain government plans. For certain government accident and health plans, payments to a deceased employee's beneficiary may qualify for the exclusion from gross income if the other requirements for exclusion are met. See section 105(j) for details.

Exception for S corporation shareholders. Don't treat a 2% shareholder of an S corporation as an employee of the corporation for this purpose. A 2%

shareholder is someone who directly or indirectly owns (at any time during the year) more than 2% of the corporation's stock or stock with more than 2% of the voting power. Treat a 2% shareholder as you would a partner in a partnership for fringe benefit purposes, but don't treat the benefit as a reduction in distributions to the 2% shareholder. For more information, see Revenue Ruling 91-26, 1991-1 C.B. 184.

Exclusion from wages. You can generally exclude the value of accident or health benefits you provide to an employee from the employee's wages.

Exception for certain long-term care benefits. You can't exclude contributions to the cost of long-term care insurance from an employee's wages subject to federal

income tax withholding if the coverage is provided through a flexible spending or similar arrangement. This is a benefit program that reimburses specified expenses up to a maximum amount that is reasonably available to the employee and is less than five times the total cost of the insurance. However, you can exclude these contributions from the employee's wages subject to social security, Medicare, and FUTA taxes.

S corporation shareholders. Because you can't treat a 2% shareholder of an S corporation as an employee for this exclusion, you must include the value of accident or health benefits you provide to the employee in the employee's wages subject to federal income tax withholding. However, you can exclude the value of these benefits (other than payments for specific injuries or illnesses not made under a plan set up to benefit all employees or certain groups of employees) from the employee's wages subject to social security, Medicare, and FUTA taxes. See Announcement 92-16 for more information. You can find Announcement 92-16 on page 53 of Internal Revenue Bulletin 1992-5.

Exception for highly compensated employees. If your plan is a self-insured medical reimbursement plan that favors highly compensated employees, you must include all or part of the amounts you pay to these employees in box 1 of Form W-2. However, you can exclude these amounts (other than payments for specific injuries or illnesses not made under a plan set up to benefit all employees or certain groups of employees) from the employee's wages subject to income tax withholding and social security, Medicare, and FUTA taxes.

A self-insured plan is a plan that reimburses your employees for medical expenses not covered by an accident or health insurance policy.

A highly compensated employee for this exception is any of the following individuals.

- One of the five highest paid officers.
- An employee who owns (directly or indirectly) more than 10% in value of the employer's stock.
- An employee who is among the highest paid 25% of all employees (other than those who can be excluded from the plan).

For more information on this exception, see section 105(h) of the Internal Revenue Code and its regulations.

COBRA premiums. The exclusion for accident and health benefits applies to amounts you pay to maintain medical coverage for a current or former employee under the Combined Omnibus Budget Reconciliation Act of 1986 (COBRA). The exclusion applies regardless of the length of employment, whether you directly pay the premiums or reimburse the former employee for premiums paid, and whether the employee's separation is permanent or temporary.

Qualified small employer health reimbursement arrangements (QSEHRAs). QSEHRAs allow eligible small employers to pay or reimburse medical care expenses, including health insurance premiums, of eligible employees

and their family members. A QSEHRA isn't a group health plan, and, therefore, isn't subject to group health plan requirements. Generally, payments from a QSEHRA to reimburse an eligible employee's medical expenses aren't includible in the employee's gross income if the employee has coverage that provides minimum essential coverage, as defined in section 5000A(f) of the Internal Revenue Code.

A QSEHRA is an arrangement that meets all the following requirements.

1. The arrangement is funded solely by you, and no salary reduction contributions may be made under the arrangement.
2. The arrangement provides, after the eligible employee provides proof of coverage, for the payment or reimbursement of the medical expenses incurred by the employee or the employee's family members.
3. The amount of payments and reimbursements doesn't exceed \$6,150 (\$12,450, for family coverage) for 2024.
4. The arrangement is generally provided on the same terms to all your eligible employees. However, your QSEHRA may exclude employees who haven't completed 90 days of service, employees who haven't attained age 25 before the beginning of the plan year, part-time or seasonal employees, employees covered by a collective bargaining agreement if health benefits were the subject of good-faith bargaining, and employees who are nonresident aliens with no earned income from sources within the United States.

Eligible employer. To be an eligible employer, you must not be an applicable large employer, which is defined as an employer that generally employed at least 50 full-time employees, including full-time equivalent employees, in the prior calendar year. You must also not offer a group health plan (including a health reimbursement arrangement (HRA) or a health FSA) to any of your employees. For more information about the Affordable Care Act and group health plan requirements, go to [IRS.gov/ACA](https://www.irs.gov/aca). For more information about QSEHRAs, including information about the requirement to give a written notice to each eligible employee, see Notice 2017-67, 2017-47 I.R.B. 517, available at [IRS.gov/irb/2017-47_IRB#NOT-2017-67](https://www.irs.gov/irb/2017-47_IRB#NOT-2017-67).

Reporting requirements. You must report in box 12 of Form W-2 using code FF the amount of payments and reimbursements that your employee is entitled to receive from the QSEHRA for the calendar year without regard to the amount of payments or reimbursements actually received. For example, if your QSEHRA provides a permitted benefit of \$3,000 and your employee receives reimbursements of \$2,000, on Form W-2, you would report a permitted benefit of \$3,000 in box 12 using code FF.

Achievement Awards

This exclusion applies to the value of any tangible personal property you give to an employee as an award for either length of service or safety achievement. The

exclusion doesn't apply to awards of cash, cash equivalents, gift cards, gift coupons, or gift certificates (other than arrangements granting only the right to select and receive tangible personal property from a limited assortment of items preselected or preapproved by you). The exclusion also doesn't apply to vacations, meals, lodging, tickets to theater or sporting events, stocks, bonds, other securities, and other similar items. An achievement award must meet all the following requirements.

- It is given to an employee for length of service or safety achievement.
- It is awarded as part of a meaningful presentation.
- It is awarded under conditions and circumstances that don't create a significant likelihood of disguised pay.

Employee. For this exclusion, treat the following individuals as employees.

- A current employee.
- A former common-law employee you maintain coverage for in consideration of or based on an agreement relating to prior service as an employee.
- A leased employee who has provided services to you on a substantially full-time basis for at least a year if the services are performed under your primary direction or control.

Exception for S corporation shareholders. Don't treat a 2% shareholder of an S corporation as an employee of the corporation for this purpose. A 2% shareholder is someone who directly or indirectly owns (at any time during the year) more than 2% of the corporation's stock or stock with more than 2% of the voting power. Treat a 2% shareholder as you would a partner in a partnership for fringe benefit purposes, but don't treat the benefit as a reduction in distributions to the 2% shareholder. For more information, see Revenue Ruling 91-26, 1991-1 C.B. 184.

Exclusion from wages. You can generally exclude the value of achievement awards you give to an employee from the employee's wages if their cost isn't more than the amount you can deduct as a business expense for the year. The excludable annual amount is \$1,600 (\$400 for awards that aren't "qualified plan awards").

Deduction limit. Your deduction for the cost of employee achievement awards given to any one employee during the tax year is limited to the following.

- \$400 for awards that aren't qualified plan awards.
- \$1,600 for all awards, whether or not qualified plan awards.

A qualified plan award is an achievement award given as part of an established written plan or program that doesn't favor highly compensated employees as to eligibility or benefits.

A highly compensated employee is an employee who meets either of the following tests.

1. The employee was a 5% owner at any time during the year or the preceding year.
2. The employee received more than \$150,000 in pay for the preceding year.

You can choose to ignore test (2) if the employee wasn't also in the top 20% of employees when ranked by pay for the preceding year.

An award isn't a qualified plan award if the average cost of all the employee achievement awards given during the tax year (that would be qualified plan awards except for this limit) is more than \$400. To figure this average cost, ignore awards of nominal value.

Deduct achievement awards, up to the maximum amounts listed earlier, as a nonwage business expense on your return or business schedule.



To determine for 2024 whether an achievement award is a "qualified plan award" under the deduction rules described under [Deduction limit](#) above, treat any employee who received more than \$150,000 in pay for 2023 as a highly compensated employee.

If the cost of awards given to an employee is more than your allowable deduction, include in the employee's wages the larger of the following amounts.

- The part of the cost that is more than your allowable deduction (up to the value of the awards).
- The amount by which the value of the awards exceeds your allowable deduction.

Exclude the remaining value of the awards from the employee's wages.

Adoption Assistance

An adoption assistance program is a separate written plan of an employer that meets all of the following requirements.

1. It benefits employees who qualify under rules set up by you, which don't favor highly compensated employees or their dependents. To determine whether your plan meets this test, don't consider employees excluded from your plan who are covered by a collective bargaining agreement if there is evidence that adoption assistance was a subject of good-faith bargaining.
2. It doesn't pay more than 5% of its payments during the year for shareholders or owners (or their spouses or dependents). A shareholder or owner is someone who owns (on any day of the year) more than 5% of the stock or of the capital or profits interest of your business.
3. You give reasonable notice of the plan to eligible employees.
4. Employees provide reasonable substantiation that payments or reimbursements are for qualifying expenses.

For this exclusion, a highly compensated employee for 2024 is an employee who meets either of the following tests.

1. The employee was a 5% owner at any time during the year or the preceding year.
2. The employee received more than \$150,000 in pay for the preceding year.

You can choose to ignore test (2) if the employee wasn't also in the top 20% of employees when ranked by pay for the preceding year.

You must exclude all payments or reimbursements you make under an adoption assistance program for an employee's qualified adoption expenses from the employee's wages subject to federal income tax withholding. However, you can't exclude these payments from wages subject to social security, Medicare, and FUTA taxes.

You must report all qualifying adoption expenses you paid or reimbursed under your adoption assistance program for each employee for the year in box 12 of the employee's Form W-2. Report all amounts including those in excess of the \$16,810 exclusion for 2024. Use code T to identify this amount.

Exception for S corporation shareholders. For this exclusion, don't treat a 2% shareholder of an S corporation as an employee of the corporation. A 2% shareholder is someone who directly or indirectly owns (at any time during the year) more than 2% of the corporation's stock or stock with more than 2% of the voting power. Treat a 2% shareholder as you would a partner in a partnership for fringe benefit purposes, but don't treat the benefit as a reduction in distributions to the 2% shareholder. For more information, see Revenue Ruling 91-26, 1991-1 C.B. 184.

More information. For more information on adoption benefits, see Notice 97-9, which is on page 35 of Internal Revenue Bulletin 1997-2 at [IRS.gov/pub/irs-irbs/irb97-02.pdf](https://www.irs.gov/pub/irs-irbs/irb97-02.pdf). Advise your employees to see the Instructions for Form 8839.

Athletic Facilities

You can exclude the value of an employee's use of an on-premises gym or other athletic facility you operate from an employee's wages if substantially all use of the facility during the calendar year is by your employees, their spouses, and their dependent children. For this purpose, an employee's dependent child is a child or stepchild who is the employee's dependent or who, if both parents are deceased, hasn't attained the age of 25. The exclusion doesn't apply to any athletic facility if access to the facility is made available to the general public through the sale of memberships, the rental of the facility, or a similar arrangement.

On-premises facility. The athletic facility must be located on premises you own or lease and must be operated by you. It doesn't have to be located on your business premises. However, the exclusion doesn't apply to an ath-

letic facility that is a facility for residential use, such as athletic facilities that are part of a resort.

Employee. For this exclusion, treat the following individuals as employees.

- A current employee.
- A former employee who retired or left on disability.
- A surviving spouse of an individual who died while an employee.
- A surviving spouse of a former employee who retired or left on disability.
- A leased employee who has provided services to you on a substantially full-time basis for at least a year if the services are performed under your primary direction or control.
- A partner who performs services for a partnership.

De Minimis (Minimal) Benefits

You can exclude the value of a de minimis benefit you provide to an employee from the employee's wages. A de minimis benefit is any property or service you provide to an employee that has so little value (taking into account how frequently you provide similar benefits to your employees) that accounting for it would be unreasonable or administratively impracticable. Cash and cash equivalent fringe benefits (for example, gift certificates, gift cards, and the use of a charge card or credit card), no matter how little, are never excludable as a de minimis benefit. However, meal money and local transportation fare, if provided on an occasional basis and because of overtime work, may be excluded, as discussed later.

Examples of de minimis benefits include the following.

- Personal use of an employer-provided cell phone provided primarily for noncompensatory business purposes. See [Employer-Provided Cell Phones](#), later in this section, for details.
- Occasional personal use of a company copying machine if you sufficiently control its use so that at least 85% of its use is for business purposes.
- Holiday or birthday gifts, other than cash, with a low fair market value (FMV). Also, flowers or fruit or similar items provided to employees under special circumstances (for example, on account of illness, a family crisis, or outstanding performance).
- Group-term life insurance payable on the death of an employee's spouse or dependent if the face amount isn't more than \$2,000.
- Certain meals. See [Meals](#), later in this section, for details.
- Occasional parties or picnics for employees and their guests.
- Occasional tickets for theater or sporting events.
- Certain transportation fare. See [Transportation \(Commuting\) Benefits](#), later in this section, for details.

Some examples of benefits that aren't excludable as de minimis fringe benefits are season tickets to sporting or theatrical events; the commuting use of an employer-provided automobile or other vehicle more than 1 day a month; membership in a private country club or athletic facility, regardless of the frequency with which the employee uses the facility; and use of employer-owned or -leased facilities (such as an apartment, hunting lodge, boat, etc.) for a weekend. If a benefit provided to an employee doesn't qualify as de minimis (for example, the frequency exceeds a limit described earlier), then generally the entire benefit must be included in income.

Employee. For this exclusion, treat any recipient of a de minimis benefit as an employee.

Dependent Care Assistance

This exclusion applies to household and dependent care services you directly or indirectly pay for or provide to an employee under a written dependent care assistance program (DCAP) that covers only your employees. The services must be for a qualifying person's care and must be provided to allow the employee to work. These requirements are basically the same as the tests the employee would have to meet to claim the dependent care credit if the employee paid for the services. For more information, see *Can You Claim the Credit?* in Pub. 503.

Employee. For this exclusion, treat the following individuals as employees.

- A current employee.
- A leased employee who has provided services to you on a substantially full-time basis for at least a year if the services are performed under your primary direction or control.
- Yourself (if you're a sole proprietor).
- A partner who performs services for a partnership.

Exclusion from wages. You can exclude the value of benefits you provide to an employee under a DCAP from the employee's wages if you reasonably believe that the employee can exclude the benefits from gross income.

An employee can generally exclude from gross income up to \$5,000 (\$2,500 if married filing separately) of benefits received under a DCAP each year.

However, the exclusion can't be more than the smaller of the earned income of either the employee or employee's spouse. Special rules apply to determine the earned income of a spouse who is either a student or not able to care for themselves. For more information on the earned income limit, see Pub. 503.

Exception for highly compensated employees. You can't exclude dependent care assistance from the wages of a highly compensated employee unless the benefits provided under the program don't favor highly compensated employees and the program meets the requirements described in section 129(d) of the Internal Revenue Code.

For this exclusion, a highly compensated employee for 2024 is an employee who meets either of the following tests.

1. The employee was a 5% owner at any time during the year or the preceding year.
2. The employee received more than \$150,000 in pay for the preceding year.

You can choose to ignore test (2) if the employee wasn't also in the top 20% of employees when ranked by pay for the preceding year.

Form W-2. Report the value of all dependent care assistance you provide to an employee under a DCAP in box 10 of the employee's Form W-2. Include any amounts you can't exclude from the employee's wages in boxes 1, 3, and 5. Report in box 10 both the nontaxable portion of assistance (up to \$5,000) and any assistance above that amount that is taxable to the employee.

Example. Oak Co. provides a dependent care assistance FSA to its employees through a cafeteria plan. In addition, it provides occasional on-site dependent care to its employees at no cost. Emily, an employee of Oak Co., had \$4,500 deducted from her pay for the dependent care FSA. In addition, Emily used the on-site dependent care several times. The FMV of the on-site care was \$700. Emily's Form W-2 should report \$5,200 of dependent care assistance in box 10 (\$4,500 FSA plus \$700 on-site dependent care). Boxes 1, 3, and 5 should include \$200 (the amount in excess of the nontaxable assistance), and applicable taxes should be withheld on that amount.

Educational Assistance

This exclusion applies to educational assistance you provide to employees under an educational assistance program. The exclusion also applies to graduate-level courses.

Educational assistance means amounts you pay or incur for your employees' education expenses. These expenses generally include the cost of books, equipment, fees, supplies, and tuition. However, these expenses don't include the cost of a course or other education involving sports, games, or hobbies, unless the education:

- Has a reasonable relationship to your business, or
- Is required as part of a degree program.

Education expenses don't include the cost of tools or supplies (other than textbooks) your employee is allowed to keep at the end of the course. Nor do they include the cost of lodging, meals, or transportation. Your employee must be able to provide substantiation to you that the educational assistance provided was used for qualifying education expenses.

Exclusion for employer payments of student loans. Employer-provided educational assistance benefits include payments made after March 27, 2020, and before January 1, 2026, whether paid to the employee or to a lender, of principal or interest on any qualified education

loan incurred by the employee for education of the employee. Qualified education loans are defined in chapter 10 of Pub. 970.

Educational assistance program. An educational assistance program is a separate written plan that provides educational assistance only to your employees. The program qualifies only if all of the following tests are met.

- The program benefits employees who qualify under rules set up by you that don't favor highly compensated employees. To determine whether your program meets this test, don't consider employees excluded from your program who are covered by a collective bargaining agreement if there is evidence that educational assistance was a subject of good-faith bargaining.
- The program doesn't provide more than 5% of its benefits during the year for shareholders or owners (or their spouses or dependents). A shareholder or owner is someone who owns (on any day of the year) more than 5% of the stock or of the capital or profits interest of your business.
- The program doesn't allow employees to choose to receive cash or other benefits that must be included in gross income instead of educational assistance.
- You give reasonable notice of the program to eligible employees.

Your program can cover former employees if their employment is the reason for the coverage.

For this exclusion, a highly compensated employee for 2024 is an employee who meets either of the following tests.

1. The employee was a 5% owner at any time during the year or the preceding year.
2. The employee received more than \$150,000 in pay for the preceding year.

You can choose to ignore test (2) if the employee wasn't also in the top 20% of employees when ranked by pay for the preceding year.

Employee. For this exclusion, treat the following individuals as employees.

- A current employee.
- A former employee who retired, left on disability, or was laid off.
- A leased employee who has provided services to you on a substantially full-time basis for at least a year if the services are performed under your primary direction or control.
- Yourself (if you're a sole proprietor).
- A partner who performs services for a partnership.

Exclusion from wages. You can exclude up to \$5,250 of educational assistance you provide to an employee under an educational assistance program from the employee's wages each year.

Assistance over \$5,250. If you don't have an educational assistance plan, or you provide an employee with assistance exceeding \$5,250, you must include the value of these benefits as wages, unless the benefits are working condition benefits. Working condition benefits may be excluded from wages. Property or a service provided is a working condition benefit to the extent that if the employee paid for it, the amount paid would have been allowable as a business or depreciation expense. See [Working Condition Benefits](#), later in this section.

Employee Discounts

This exclusion applies to a price reduction you give your employee on property or services you offer to customers in the ordinary course of the line of business in which the employee performs substantial services. It applies whether the property or service is provided at no charge (in which case only part of the discount may be excludable as a qualified employee discount) or at a reduced price. It also applies if the benefit is provided through a partial or total cash rebate.

The benefit may be provided either directly by you or indirectly through a third party. For example, an employee of an appliance manufacturer may receive a qualified employee discount on the manufacturer's appliances purchased at a retail store that offers the appliances for sale to customers.

Employee discounts don't apply to discounts on real property or discounts on personal property of a kind commonly held for investment (such as stocks or bonds). They also don't include discounts on a line of business of the employer for which the employee doesn't provide substantial services, or discounts on property or services of a kind that aren't offered for sale to customers. Therefore, discounts on items sold in an employee store that aren't sold to customers aren't excluded from employee income. Also, employee discounts provided by another employer through a reciprocal agreement aren't excluded.

Employee. For this exclusion, treat the following individuals as employees.

- A current employee.
- A former employee who retired or left on disability.
- A surviving spouse of an individual who died while an employee.
- A surviving spouse of an employee who retired or left on disability.
- A leased employee who has provided services to you on a substantially full-time basis for at least a year if the services are performed under your primary direction or control.
- A partner who performs services for a partnership.

Treat discounts you provide to the spouse or dependent child of an employee as provided to the employee. For this fringe benefit, dependent child is a child or stepchild who is the employee's dependent or who, if both parents are

deceased, hasn't attained the age of 25. Treat a child of divorced parents as a dependent of both parents.

Exclusion from wages. You can generally exclude the value of an employee discount you provide an employee from the employee's wages, up to the following limits.

- For a discount on services, 20% of the price you charge nonemployee customers for the service.
- For a discount on merchandise or other property, your gross profit percentage times the price you charge nonemployee customers for the property.

Generally, determine your gross profit percentage in the line of business based on all property you offer to customers (including employee customers) and your experience during the tax year immediately before the tax year in which the discount is available. To figure your gross profit percentage, subtract the total cost of the property from the total sales price of the property and divide the result by the total sales price of the property. Employers that are in their first year of existence may estimate their gross profit percentage based on its mark-up from cost or refer to an appropriate industry average. If substantial changes in an employer's business indicate at any time that it is inappropriate for the prior year's gross profit percentage to be used for the current year, the employer must, within a reasonable period, redetermine the gross profit percentage for the remaining portion of the current year as if such portion of the year were the first year of the employer's existence.

Exception for highly compensated employees.

You can't exclude from the wages of a highly compensated employee any part of the value of a discount that isn't available on the same terms to one of the following groups.

- All of your employees.
- A group of employees defined under a reasonable classification you set up that doesn't favor highly compensated employees.

For this exclusion, a highly compensated employee for 2024 is an employee who meets either of the following tests.

1. The employee was a 5% owner at any time during the year or the preceding year.
2. The employee received more than \$150,000 in pay for the preceding year.

You can choose to ignore test (2) if the employee wasn't also in the top 20% of employees when ranked by pay for the preceding year.

Employee Stock Options

There are three kinds of stock options—incentive stock options, employee stock purchase plan options, and non-statutory (nonqualified) stock options.

Wages for social security, Medicare, and FUTA taxes don't include remuneration resulting from the exercise of an incentive stock option or an employee stock purchase

plan option, or from any disposition of stock acquired by exercising such an option.

Additionally, federal income tax withholding isn't required on the income resulting from a disqualifying disposition of stock acquired by the exercise of an incentive stock option or an employee stock purchase plan option, or on income equal to the discount portion of stock acquired by the exercise of an employee stock purchase plan option resulting from any qualifying disposition of the stock. The employer must report as income in box 1 of Form W-2 (a) the discount portion of stock acquired by the exercise of an employee stock purchase plan option upon a qualifying disposition of the stock, and (b) the spread (between the exercise price and the FMV of the stock at the time of exercise) upon a disqualifying disposition of stock acquired by the exercise of an incentive stock option or an employee stock purchase plan option.

An employer must report the excess of the FMV of stock received upon exercise of a nonstatutory stock option over the amount paid for the stock option on Form W-2 in boxes 1, 3 (up to the social security wage base), and 5, and in box 12 using the code V. See Regulations section 1.83-7.

An employee who transfers their interest in nonstatutory stock options to the employee's former spouse incident to a divorce isn't required to include an amount in gross income upon the transfer. The former spouse, rather than the employee, is required to include an amount in gross income when the former spouse exercises the stock options. See Revenue Ruling 2002-22 and Revenue Ruling 2004-60 for details. You can find Revenue Ruling 2002-22 on page 849 of Internal Revenue Bulletin 2002-19 at [IRS.gov/pub/irs-irbs/irb02-19.pdf](https://www.irs.gov/pub/irs-irbs/irb02-19.pdf). Revenue Ruling 2004-60, 2004-24 I.R.B. 1051, is available at [IRS.gov/irb/2004-24_IRB#RR-2004-60](https://www.irs.gov/irb/2004-24_IRB#RR-2004-60).

Employee stock options aren't subject to Railroad Retirement Tax. In *Wisconsin Central Ltd. v. United States*, 138 S. Ct. 2067, the U. S. Supreme Court ruled that employee stock options (whether statutory or nonstatutory) aren't "money remuneration" subject to the RRTA. If you're a railroad employer, don't withhold Tier 1 and Tier 2 taxes on compensation from railroad employees covered by the RRTA exercising such options. You must still withhold federal income tax on taxable compensation from railroad employees exercising their options.

Section 83(i) election to defer income on equity grants. Under section 83(i) of the Internal Revenue Code, qualified employees who are granted stock options or restricted stock units (RSUs) and who later receive stock upon exercise of the option or upon settlement of the RSU (qualified stock) may elect to defer the recognition of income for up to 5 years if the corporation's stock wasn't readily tradable on an established securities market during any prior calendar year, if the corporation has a written plan under which not less than 80% of all U.S. employees are granted options or RSUs with the same rights and privileges to receive qualified stock, and if certain other requirements are met. An election under section

83(i) applies only for federal income tax purposes. The election has no effect on the application of social security, Medicare, and FUTA taxes. For federal income tax purposes, the employer must withhold federal income tax at 37% in the tax year that the amount deferred is included in the employee's income. If a section 83(i) election is made for an option exercise, that option will not be considered an incentive stock option or an option granted pursuant to an employee stock purchase plan. These rules apply to stock attributable to options exercised, or RSUs settled, after December 31, 2017. For more information, see section 83(i); and Notice 2018-97, 2018-52 I.R.B. 1062, available at [IRS.gov/irb/2018-52_IRB#NOT-2018-97](https://www.irs.gov/irb/2018-52_IRB#NOT-2018-97).

Reporting requirements. For each employee, you must report in box 12 of Form W-2 using code GG the amount included in income in the calendar year from qualified equity grants under section 83(i). You must also report in box 12 using code HH the total amount of income deferred under section 83(i) determined as of the close of the calendar year.

More information. For more information about employee stock options, see sections 83, 421, 422, and 423 of the Internal Revenue Code and their related regulations.

Employer-Provided Cell Phones

The value of the business use of an employer-provided cell phone, provided primarily for noncompensatory business reasons, is excludable from an employee's income as a working condition fringe benefit. Personal use of an employer-provided cell phone, provided primarily for noncompensatory business reasons, is excludable from an employee's income as a de minimis fringe benefit. The term "cell phone" also includes other similar telecommunications equipment. For the rules relating to these types of benefits, see [De Minimis \(Minimal\) Benefits](#), earlier in this section, and [Working Condition Benefits](#), later in this section.

Noncompensatory business purposes. You provide a cell phone primarily for noncompensatory business purposes if there are substantial business reasons for providing the cell phone. Examples of substantial business reasons include the employer's:

- Need to contact the employee at all times for work-related emergencies,
- Requirement that the employee be available to speak with clients at times when the employee is away from the office, and
- Need to speak with clients located in other time zones at times outside the employee's normal workday.

Cell phones provided to promote goodwill, boost morale, or attract prospective employees. You can't exclude from an employee's wages the value of a cell phone provided to promote goodwill of an employee, to attract a prospective employee, or as a means of providing additional compensation to an employee.

Additional information. For additional information on the tax treatment of employer-provided cell phones, see Notice 2011-72, 2011-38 I.R.B. 407, available at [IRS.gov/irb/2011-38_IRB#NOT-2011-72](https://www.irs.gov/irb/2011-38_IRB#NOT-2011-72).

Group-Term Life Insurance Coverage

This exclusion applies to life insurance coverage that meets all the following conditions.

- It provides a general death benefit that isn't included in income.
- You provide it to a group of employees. See [The 10-employee rule](#), later.
- It provides an amount of insurance to each employee based on a formula that prevents individual selection. This formula must use factors such as the employee's age, years of service, pay, or position.
- You provide it under a policy you directly or indirectly carry. Even if you don't pay any of the policy's cost, you're considered to carry it if you arrange for payment of its cost by your employees and charge at least one employee less than, and at least one other employee more than, the cost of their insurance. Determine the cost of the insurance, for this purpose, as explained under [Coverage over the limit](#), later.

Group-term life insurance doesn't include the following insurance.

- Insurance that doesn't provide general death benefits, such as travel insurance or a policy providing only accidental death benefits.
- Life insurance on the life of your employee's spouse or dependent. However, you may be able to exclude the cost of this insurance from the employee's wages as a de minimis benefit. See [De Minimis \(Minimal\) Benefits](#), earlier in this section.
- Insurance provided under a policy that provides a permanent benefit (an economic value that extends beyond 1 policy year, such as paid-up or cash-surrender value), unless certain requirements are met. See Regulations section 1.79-1 for details.

Employee. For this exclusion, treat the following individuals as employees.

1. A current common-law employee.
2. A full-time life insurance agent who is a current statutory employee.
3. An individual who was formerly your employee under (1) or (2).
4. A leased employee who has provided services to you on a substantially full-time basis for at least a year if the services are performed under your primary direction or control.

Exception for S corporation shareholders. Don't treat a 2% shareholder of an S corporation as an employee of the corporation for this purpose. A 2% shareholder is someone who directly or indirectly owns (at

any time during the year) more than 2% of the corporation's stock or stock with more than 2% of the voting power. Treat a 2% shareholder as you would a partner in a partnership for fringe benefit purposes, but don't treat the benefit as a reduction in distributions to the 2% shareholder. For more information, see Revenue Ruling 91-26, 1991-1 C.B. 184.

The 10-employee rule. Generally, life insurance isn't group-term life insurance unless you provide it at some time during the calendar year to at least 10 full-time employees.

For this rule and the first exception discussed next, count employees who choose not to receive the insurance as if they do receive insurance, unless, to receive it, they must contribute to the cost of benefits other than the group-term life insurance. For example, count an employee who could receive insurance by paying part of the cost, even if that employee chooses not to receive it. However, don't count an employee who chooses not to receive insurance if the employee must pay part or all of the cost of permanent benefits in order to obtain group-term life insurance. A permanent benefit is an economic value extending beyond 1 policy year (for example, a paid-up or cash-surrender value) that is provided under a life insurance policy.

Exceptions. Even if you don't meet the 10-employee rule, two exceptions allow you to treat insurance as group-term life insurance.

Under the first exception, you don't have to meet the 10-employee rule if all the following conditions are met.

1. If evidence that the employee is insurable is required, it is limited to a medical questionnaire (completed by the employee) that doesn't require a physical.
2. You provide the insurance to all your full-time employees or, if the insurer requires the evidence mentioned in (1), to all full-time employees who provide evidence the insurer accepts.
3. You figure the coverage based on either a uniform percentage of pay or the insurer's coverage brackets that meet certain requirements. See Regulations section 1.79-1 for details.

Under the second exception, you don't have to meet the 10-employee rule if all the following conditions are met.

- You provide the insurance under a common plan covering your employees and the employees of at least one other employer who isn't related to you.
- The insurance is restricted to, but mandatory for, all your employees who belong to, or are represented by, an organization (such as a union) that carries on substantial activities besides obtaining insurance.
- Evidence of whether an employee is insurable doesn't affect an employee's eligibility for insurance or the amount of insurance that employee gets.

To apply either exception, don't consider employees who were denied insurance for any of the following reasons.

- They were 65 or older.
- They customarily work 20 hours or less a week or 5 months or less in a calendar year.
- They haven't been employed for the waiting period given in the policy. This waiting period can't be more than 6 months.

Exclusion from wages. You can generally exclude the cost of up to \$50,000 of group-term life insurance coverage from the wages of an insured employee. You can exclude the same amount from the employee's wages when figuring social security and Medicare taxes. In addition, you don't have to withhold federal income tax or pay FUTA tax on any group-term life insurance you provide to an employee.

Coverage over the limit. You must include in your employee's wages the cost of group-term life insurance beyond \$50,000 worth of coverage, reduced by the amount the employee paid toward the insurance. Report it as wages in boxes 1, 3, and 5 of the employee's Form W-2. Also, show it in box 12 with code C. The amount is subject to social security and Medicare taxes, and you may, at your option, withhold federal income tax.

Figure the monthly cost of the insurance to include in the employee's wages by multiplying the number of thousands of dollars of all insurance coverage over \$50,000 (figured to the nearest \$100) by the cost shown in Table 2-2. For all coverage provided within the calendar year, use the employee's age on the last day of the employee's tax year. You must prorate the cost from the table if less than a full month of coverage is involved.

Table 2-2. Cost Per \$1,000 of Protection for 1 Month

Age	Cost
Under 25	\$ 0.05
25 through 29	0.06
30 through 34	0.08
35 through 39	0.09
40 through 44	0.10
45 through 49	0.15
50 through 54	0.23
55 through 59	0.43
60 through 64	0.66
65 through 69	1.27
70 and older	2.06

You figure the total cost to include in the employee's wages by multiplying the monthly cost by the number of months' coverage at that cost.

Example. Tom's employer provides Tom with group-term life insurance coverage of \$200,000. Tom is 45 years old, isn't a key employee, and pays \$100 per year toward the cost of the insurance. Tom's employer must include \$170 in Tom's wages. The \$200,000 of insurance coverage is reduced by \$50,000. The yearly cost of \$150,000 of coverage is \$270 ($\$0.15 \times 150 \times 12$), and is

reduced by the \$100 Tom pays for the insurance. The employer includes \$170 in boxes 1, 3, and 5 of Tom's Form W-2. The employer also enters \$170 in box 12 with code C.

Coverage for dependents. Group-term life insurance coverage paid by the employer for the spouse or dependents of an employee may be excludable from income as a de minimis fringe benefit if the face amount isn't more than \$2,000. If the face amount is greater than \$2,000, the dependent coverage may be excludable from income as a de minimis fringe benefit if the excess (if any) of the cost of insurance over the amount the employee paid for it on an after-tax basis is so small that accounting for it is unreasonable or administratively impracticable.

Former employees. When group-term life insurance over \$50,000 is provided to an employee (including retirees) after their termination, the employee share of social security and Medicare taxes on that period of coverage is paid by the former employee with their tax return and isn't collected by the employer. You're not required to collect those taxes. You must, however, pay the employer share of social security and Medicare taxes. Use Table 2-2 to determine the amount of additional income that is subject to social security and Medicare taxes for coverage provided after separation from service. Report the uncollected amounts separately in box 12 of Form W-2 using codes M and N. See the General Instructions for Forms W-2 and W-3 and the instructions for your employment tax return.

Exception for key employees. Generally, if your group-term life insurance plan favors key employees as to participation or benefits, you must include the entire cost of the insurance in your key employees' wages. This exception generally doesn't apply to church plans. When figuring social security and Medicare taxes, you must also include the entire cost in the employees' wages. Include the cost in boxes 1, 3, and 5 of Form W-2. However, you don't have to withhold federal income tax or pay FUTA tax on the cost of any group-term life insurance you provide to an employee.

For this purpose, the cost of the insurance is the greater of the following amounts.

- The premiums you pay for the employee's insurance. See Regulations section 1.79-4T(Q&A 6) for more information.
- The cost you figure using Table 2-2.

For this exclusion, a key employee during 2024 is an employee or former employee who is one of the following individuals. See section 416(i) of the Internal Revenue Code for more information.

1. An officer having annual pay of more than \$220,000.
2. An individual who for 2024 is either of the following.
 - a. A 5% owner of your business.
 - b. A 1% owner of your business whose annual pay is more than \$150,000.

A former employee who was a key employee upon retirement or separation from service is also a key employee.

Your plan doesn't favor key employees as to participation if at least one of the following is true.

- It benefits at least 70% of your employees.
- At least 85% of the participating employees aren't key employees.
- It benefits employees who qualify under a set of rules you set up that don't favor key employees.

Your plan meets this participation test if it is part of a [cafeteria plan](#) (discussed earlier in section 1) and it meets the participation test for those plans.

When applying this test, don't consider employees who:

- Have not completed 3 years of service;
- Are part time or seasonal;
- Are nonresident aliens who receive no U.S. source earned income from you; or
- Aren't included in the plan but are in a unit of employees covered by a collective bargaining agreement, if the benefits provided under the plan were the subject of good-faith bargaining between you and employee representatives.

Your plan doesn't favor key employees as to benefits if all benefits available to participating key employees are also available to all other participating employees. Your plan doesn't favor key employees just because the amount of insurance you provide to your employees is uniformly related to their pay.

S corporation shareholders. Because you can't treat a 2% shareholder of an S corporation as an employee for this exclusion, you must include the cost of all group-term life insurance coverage you provide the 2% shareholder in their wages. When figuring social security and Medicare taxes, you must also include the cost of this coverage in the 2% shareholder's wages. Include the cost in boxes 1, 3, and 5 of Form W-2. However, you don't have to withhold federal income tax or pay FUTA tax on the cost of any group-term life insurance coverage you provide to the 2% shareholder.

Health Savings Accounts (HSAs)

An HSA is an account owned by a qualified individual who is generally your employee or former employee. Any contributions that you make to an HSA become the employee's property and can't be withdrawn by you. Contributions to the account are used to pay current or future medical expenses of the account owner, their spouse, and any qualified dependent. The medical expenses must not be reimbursable by insurance or other sources and their payment from HSA funds (distribution) won't give rise to a medical expense deduction on the individual's federal income tax return.

Eligibility. A qualified individual must be covered by a High Deductible Health Plan (HDHP) and not be covered by other health insurance except for permitted insurance listed under section 223(c)(3) or insurance for accidents, disability, dental care, vision care, long-term care, or (in the case of months beginning after March 31, 2022, and before January 1, 2023, and plan years beginning on or before December 31, 2021, or after December 31, 2022, and before January 1, 2025) telehealth and other remote care. For calendar year 2024, a qualifying HDHP must have a deductible of at least \$1,600 for self-only coverage or \$3,200 for family coverage and must limit annual out-of-pocket expenses of the beneficiary to \$8,050 for self-only coverage and \$16,100 for family coverage.

There are no income limits that restrict an individual's eligibility to contribute to an HSA nor is there a requirement that the account owner have earned income to make a contribution.

Exceptions. An individual isn't a qualified individual if they can be claimed as a dependent on another person's tax return. Also, an employee's participation in a health FSA or HRA generally disqualifies the individual (and employer) from making contributions to their HSA. However, an individual may qualify to participate in an HSA if they are participating in only a limited-purpose FSA or HRA or a post-deductible FSA. For more information, see *Other employee health plans* in Pub. 969.

Employer contributions. Up to specified dollar limits, cash contributions to the HSA of a qualified individual (determined monthly) are exempt from federal income tax withholding, social security tax, Medicare tax, and FUTA tax if you reasonably believe that the employee can exclude the benefits from gross income. For 2024, you can contribute up to \$4,150 for self-only coverage under an HDHP or \$8,300 for family coverage under an HDHP to a qualified individual's HSA.

The contribution amounts listed above are increased by \$1,000 for a qualified individual who is age 55 or older at any time during the year. For two qualified individuals who are married to each other and who are each age 55 or older at any time during the year, each spouse's contribution limit is increased by \$1,000, provided each spouse has a separate HSA. No contributions can be made to an individual's HSA after they become enrolled in Medicare Part A or Part B.

Nondiscrimination rules. Your contribution amount to an employee's HSA must be comparable for all employees who have comparable coverage during the same period. Otherwise, there will be an excise tax equal to 35% of the amount you contributed to all employees' HSAs.

For guidance on employer comparable contributions to HSAs under section 4980G in instances where an employee hasn't established an HSA by December 31 and in instances where an employer accelerates contributions for the calendar year for employees who have incurred qualified medical expenses, see Regulations section 54.4980G-4.

Exception. The Tax Relief and Health Care Act of 2006 allows employers to make larger HSA contributions for a nonhighly compensated employee than for a highly compensated employee. A highly compensated employee for 2024 is an employee who meets either of the following tests.

1. The employee was a 5% owner at any time during the year or the preceding year.
2. The employee received more than \$150,000 in pay for the preceding year.

You can choose to ignore test (2) if the employee wasn't also in the top 20% of employees when ranked by pay for the preceding year.

Partnerships and S corporations. Partners and 2% shareholders of an S corporation aren't eligible for salary reduction (pre-tax) contributions to an HSA. Employer contributions to the HSA of a bona fide partner or 2% shareholder are treated as distributions or guaranteed payments, as determined by the facts and circumstances. For more information, see Notice 2005-8, 2005-4 I.R.B. 368, available at [IRS.gov/irb/2005-04_IRB#NOT-2005-8](https://www.irs.gov/irb/2005-04_IRB#NOT-2005-8).

Cafeteria plans. You may contribute to an employee's HSA using a cafeteria plan and your contributions aren't subject to the statutory comparability rules. However, cafeteria plan nondiscrimination rules still apply. For example, contributions under a cafeteria plan to employee HSAs can't be greater for higher-paid employees than they are for lower-paid employees. Contributions that favor lower-paid employees aren't prohibited.

Reporting requirements. You must report your contributions to an employee's HSA in box 12 of Form W-2 using code W. The trustee or custodian of the HSA, generally a bank or insurance company, reports distributions from the HSA using Form 1099-SA.

More information. For more information about HSAs, see Pub. 969.

Lodging on Your Business Premises

You can exclude the value of lodging you furnish to an employee from the employee's wages if it meets the following tests.

- It is furnished on your business premises.
- It is furnished for your convenience.
- The employee must accept it as a condition of employment.

Different tests may apply to lodging furnished by educational institutions. See section 119(d) of the Internal Revenue Code for details.

If you allow your employee to choose to receive additional pay instead of lodging, then the lodging, if chosen, isn't excluded. The exclusion also doesn't apply to cash allowances for lodging.

On your business premises. For this exclusion, your business premises is generally your employee's place of work. For example, if you're a household employer, then lodging furnished in your home to a household employee would be considered lodging furnished on your business premises. For special rules that apply to lodging furnished in a camp located in a foreign country, see section 119(c) of the Internal Revenue Code and its regulations.

For your convenience. Whether or not you furnish lodging for your convenience as an employer depends on all the facts and circumstances. You furnish the lodging to your employee for your convenience if you do this for a substantial business reason other than to provide the employee with additional pay. This is true even if a law or an employment contract provides that the lodging is furnished as pay. However, a written statement that the lodging is furnished for your convenience isn't sufficient.

Condition of employment. Lodging meets this test if you require your employees to accept the lodging because they need to live on your business premises to be able to properly perform their duties. Examples include employees who must be available at all times and employees who couldn't perform their required duties without being furnished the lodging.

It doesn't matter whether you must furnish the lodging as pay under the terms of an employment contract or a law fixing the terms of employment.

Example of qualifying lodging. You employ Sam at a construction project at a remote job site in Alaska. Due to the inaccessibility of facilities for the employees who are working at the job site to obtain lodging and the prevailing weather conditions, you furnish lodging to your employees at the construction site in order to carry on the construction project. You require that your employees accept the lodging as a condition of their employment. You may exclude the lodging that you provide from Sam's wages. Additionally, because sufficient eating facilities aren't available near your place of employment, you may also exclude meals you provide to Sam from his wages, as discussed in [Proper meals not otherwise available](#) under *Meals on Your Business Premises*, later in this section.

Example of nonqualifying lodging. A hospital gives Joan, an employee of the hospital, the choice of living at the hospital free of charge or living elsewhere and receiving a cash allowance in addition to Joan's regular salary. If Joan chooses to live at the hospital, the hospital can't exclude the value of the lodging from her wages because she isn't required to live at the hospital to properly perform the duties of her employment.

S corporation shareholders. For this exclusion, don't treat a 2% shareholder of an S corporation as an employee of the corporation. A 2% shareholder is someone who directly or indirectly owns (at any time during the year) more than 2% of the corporation's stock or stock with more than 2% of the voting power. Treat a 2% shareholder as you would a partner in a partnership for fringe benefit purposes, but don't treat the benefit as a reduction

in distributions to the 2% shareholder. For more information, see Revenue Ruling 91-26, 1991-1 C.B. 184.

Meals

This section discusses the exclusion rules that apply to de minimis meals and meals on your business premises.

De Minimis Meals

You can exclude any occasional meal you provide to an employee if it has so little value (taking into account how frequently you provide meals to your employees) that accounting for it would be unreasonable or administratively impracticable. The exclusion applies, for example, to the following items.

- Coffee, doughnuts, or soft drinks.
- Occasional meals or meal money provided to enable an employee to work overtime. However, the exclusion doesn't apply to meal money figured on the basis of hours worked (for example, \$2.00 per hour for each hour over 8 hours), or meals or meal money provided on a regular or routine basis.
- Occasional parties or picnics for employees and their guests.

Employee. For this exclusion, treat any recipient of a de minimis meal as an employee.

Employer-operated eating facility for employees. The de minimis meals exclusion also applies to meals you provide at an employer-operated eating facility for employees if the annual revenue from the facility equals or exceeds the direct operating costs of the facility. Direct operating costs include the cost of food and beverages, and labor costs (including employment taxes) of employees whose services relating to the facility are performed primarily on the premises of the eating facility. Therefore, for example, the labor costs attributable to cooks and waitstaff are included in direct operating costs, but the labor cost attributable to a manager of an eating facility whose services aren't primarily performed on the premises of the eating facility aren't included in direct operating costs.

For this purpose, your revenue from providing a meal is considered equal to the facility's direct operating costs to provide that meal if its value can be excluded from an employee's wages, as explained under [Meals on Your Business Premises](#), later. If you provide free or discounted meals to volunteers at a hospital and you can reasonably determine the number of meals you provide, then you may disregard these costs and revenues. If you charge nonemployees a greater amount than employees, then you must disregard all costs and revenues attributable to these nonemployees.

An employer-operated eating facility for employees is an eating facility that meets all the following conditions.

- You own or lease the facility.

- You operate the facility. You're considered to operate the eating facility if you have a contract with another to operate it.
- The facility is on or near your business premises.
- You provide meals (food, drinks, and related services) at the facility during, or immediately before or after, the employee's workday.

Exclusion from wages. You can generally exclude the value of de minimis meals you provide to an employee from the employee's wages.

Exception for highly compensated employees.

You can't exclude from the wages of a highly compensated employee the value of a meal provided at an employer-operated eating facility that isn't available on the same terms to one of the following groups.

- All of your employees.
- A group of employees defined under a reasonable classification you set up that doesn't favor highly compensated employees.

For this exclusion, a highly compensated employee for 2024 is an employee who meets either of the following tests.

1. The employee was a 5% owner at any time during the year or the preceding year.
2. The employee received more than \$150,000 in pay for the preceding year.

You can choose to ignore test (2) if the employee wasn't also in the top 20% of employees when ranked by pay for the preceding year.

TIP Section 13304 of P.L. 115-97 changed the rules for the deduction of food or beverage expenses that are excludable from employee income as a de minimis fringe benefit. For amounts incurred or paid after 2017, the 50% limit on deductions for food or beverage expenses also applies to food or beverage expenses excludable from employee income as a de minimis fringe benefit. However, food or beverage expenses related to employee recreation, such as holiday parties or annual picnics, aren't subject to the 50% limit on deductions when made primarily for the benefit of your employees other than employees who are officers, shareholders or other owners who own a 10% or greater interest in your business, or other highly compensated employees. For more information, see Regulations section 1.274-12. While your business deduction may be limited, the fringe benefit exclusion rules still apply and the de minimis fringe benefits may be excluded from your employee's wages, as discussed earlier.

Meals on Your Business Premises

You can exclude the value of meals you furnish to an employee from the employee's wages if they meet the following tests.

- They are furnished on your business premises.

- They are furnished for your convenience.

If you allow your employee to choose to receive additional pay instead of meals, then the meals, if chosen, aren't excluded. The exclusion also doesn't apply to cash allowances for meals.

On your business premises. Generally, for this exclusion, the employee's place of work is your business premises.

For your convenience. Whether you furnish meals for your convenience as an employer depends on all the facts and circumstances. You furnish the meals to your employee for your convenience if you do this for a substantial business reason other than to provide the employee with additional pay. This is true even if a law or an employment contract provides that the meals are furnished as pay. However, a written statement that the meals are furnished for your convenience isn't sufficient.

Meals excluded for all employees if excluded for more than half. If more than half of your employees who are furnished meals on your business premises are furnished the meals for your convenience, you can treat all meals you furnish to employees on your business premises as furnished for your convenience.

Food service employees. Meals you furnish to a restaurant or other food service employee during, or immediately before or after, the employee's working hours are furnished for your convenience. For example, if a waitstaff works during the breakfast and lunch periods, you can exclude from their wages the value of the breakfast and lunch you furnish in your restaurant for each day they work.

Example. You operate a restaurant business. You furnish your employee, Carol, who is a server working 7 a.m. to 4 p.m., two meals during each workday. You encourage but don't require Carol to have breakfast on the business premises before starting work. Carol must have lunch on the premises. Because Carol is a food service employee and works during the normal breakfast and lunch periods, you can exclude from her wages the value of her breakfast and lunch.

If you also allow Carol to have meals on your business premises without charge on Carol's days off, you can't exclude the value of those meals from Carol's wages.

Employees available for emergency calls. Meals you furnish during working hours so an employee will be available for emergency calls during the meal period are furnished for your convenience. You must be able to show these emergency calls have occurred or can reasonably be expected to occur, and that the calls have resulted, or will result, in you calling on your employees to perform their jobs during their meal period.

Example. A hospital maintains a cafeteria on its premises where all of its 230 employees may get meals at no charge during their working hours. The hospital must have 120 of its employees available for emergencies. Each of these 120 employees is, at times, called upon to perform

services during the meal period. Although the hospital doesn't require these employees to remain on the premises, they rarely leave the hospital during their meal period. Since the hospital furnishes meals on its premises to its employees so that more than half of them are available for emergency calls during meal periods, the hospital can exclude the value of these meals from the wages of all of its employees.

Short meal periods. Meals you furnish during working hours are furnished for your convenience if the nature of your business (not merely a preference) restricts an employee to a short meal period (such as 30 or 45 minutes) and the employee can't be expected to eat elsewhere in such a short time. For example, meals can qualify for this treatment if your peak workload occurs during the normal lunch hour. However, they don't qualify if the reason for the short meal period is to allow the employee to leave earlier in the day.

Example. Frank is a bank teller who works from 9 a.m. to 5 p.m. The bank furnishes Frank's lunch without charge in a cafeteria the bank maintains on its premises. The bank furnishes these meals to Frank to limit his lunch period to 30 minutes, because the bank's peak workload occurs during the normal lunch period. If Frank got lunch elsewhere, it would take him much longer than 30 minutes and the bank strictly enforces the time limit. The bank can exclude the value of these meals from Frank's wages.

Proper meals not otherwise available. Meals you furnish during working hours are furnished for your convenience if the employee couldn't otherwise get proper meals within a reasonable period of time. For example, meals can qualify for this treatment if there are insufficient eating facilities near the place of employment. For an example of this, see [Example of qualifying lodging](#), earlier in this section.

Meals after work hours. Generally, meals furnished before or after the working hours of an employee aren't considered as furnished for your convenience. However, meals you furnish to an employee immediately after working hours are furnished for your convenience if you would have furnished them during working hours for a substantial nonpay business reason but, because of the work duties, they weren't obtained during working hours.

Meals you furnish to promote goodwill, boost morale, or attract prospective employees. Meals you furnish to promote goodwill, boost morale, or attract prospective employees aren't considered furnished for your convenience. However, you may be able to exclude their value, as discussed under [De Minimis Meals](#), earlier.

Meals furnished on nonworkdays or with lodging. You generally can't exclude from an employee's wages the value of meals you furnish on a day when the employee isn't working. However, you can exclude these meals if they are furnished with lodging that is excluded from the employee's wages. See [Lodging on Your Business Premises](#), earlier in this section.

Meals with a charge. The fact that you charge for the meals and that your employees may accept or decline the meals isn't taken into account in determining whether or not meals are furnished for your convenience.

S corporation shareholders. For this exclusion, don't treat a 2% shareholder of an S corporation as an employee of the corporation. A 2% shareholder is someone who directly or indirectly owns (at any time during the year) more than 2% of the corporation's stock or stock with more than 2% of the voting power. Treat a 2% shareholder as you would a partner in a partnership for fringe benefit purposes, but don't treat the benefit as a reduction in distributions to the 2% shareholder. For more information, see Revenue Ruling 91-26, 1991-1 C.B. 184.

No-Additional-Cost Services

This exclusion applies to a service you provide to an employee if it doesn't cause you to incur any substantial additional costs. The service must be offered to customers in the ordinary course of the line of business in which the employee performs substantial services.

No-additional-cost services are excess capacity services, such as airline, bus, or train tickets; hotel rooms; or telephone services provided free, at a reduced price, or through a cash rebate to employees working in those lines of business. Services that aren't eligible for treatment as no-additional-cost services are non-excess capacity services, such as the facilitation by a stock brokerage firm of the purchase of stock by employees. These services may, however, be eligible for a qualified employee discount of up to 20% of the value of the service provided. See [Employee Discounts](#), earlier.

Substantial additional costs. To determine whether you incur substantial additional costs to provide a service to an employee, count any lost revenue as a cost. Don't reduce the costs you incur by any amount the employee pays for the service. You're considered to incur substantial additional costs if you or your employees spend a substantial amount of time in providing the service, even if the time spent would otherwise be idle or if the services are provided outside normal business hours.

Example. A commercial airline allows its employees to take personal flights on the airline at no charge and receive reserved seating. Because the employer gives up potential revenue by allowing the employees to reserve seats, employees receiving such free flights aren't eligible for the no-additional-cost exclusion.

Reciprocal agreements. A no-additional-cost service provided to your employee by an unrelated employer may qualify as a no-additional-cost service if all the following tests are met.

- The service is the same type of service generally provided to customers in both the line of business in which the employee works and the line of business in which the service is provided.

- You and the employer providing the service have a written reciprocal agreement under which a group of employees of each employer, all of whom perform substantial services in the same line of business, may receive no-additional-cost services from the other employer.
- Neither you nor the other employer incurs any substantial additional cost (including lost revenue) either in providing the service or because of the written agreement.

Employee. For this exclusion, treat the following individuals as employees.

1. A current employee.
2. A former employee who retired or left on disability.
3. A surviving spouse of an individual who died while an employee.
4. A surviving spouse of a former employee who retired or left on disability.
5. A leased employee who has provided services to you on a substantially full-time basis for at least a year if the services are performed under your primary direction or control.
6. A partner who performs services for a partnership.

Treat services you provide to the spouse or dependent child of an employee as provided to the employee. For this fringe benefit, dependent child is a child or stepchild who is the employee's dependent or who, if both parents are deceased, hasn't attained the age of 25. Treat a child of divorced parents as a dependent of both parents.

Treat any use of air transportation by the parent of an employee as use by the employee. This rule doesn't apply to use by the parent of a person considered an employee because of item (3) or (4) above.

Exclusion from wages. You can generally exclude the value of a no-additional-cost service you provide to an employee from the employee's wages.

Exception for highly compensated employees. You can't exclude from the wages of a highly compensated employee the value of a no-additional-cost service that isn't available on the same terms to one of the following groups.

- All of your employees.
- A group of employees defined under a reasonable classification you set up that doesn't favor highly compensated employees.

For this exclusion, a highly compensated employee for 2024 is an employee who meets either of the following tests.

1. The employee was a 5% owner at any time during the year or the preceding year.
2. The employee received more than \$150,000 in pay for the preceding year.

You can choose to ignore test (2) if the employee wasn't also in the top 20% of employees when ranked by pay for the preceding year.

Retirement Planning Services

You may exclude from an employee's wages the value of any retirement planning advice or information you provide to your employee or their spouse if you maintain a qualified retirement plan. A qualified retirement plan includes a plan, contract, pension, or account described in section 219(g)(5) of the Internal Revenue Code. In addition to employer plan advice and information, the services provided may include general advice and information on retirement. However, the exclusion doesn't apply to services for tax preparation, accounting, legal, or brokerage services. You can't exclude from the wages of a highly compensated employee retirement planning services that aren't available on the same terms to each member of a group of employees normally provided education and information about the employer's qualified retirement plan.

Transportation (Commuting) Benefits

This section discusses exclusion rules that apply to benefits you provide to your employees for their personal transportation, such as commuting to and from work. These rules apply to the following transportation benefits.

- De minimis transportation benefits.
- Qualified transportation benefits.

Special rules that apply to [demonstrator cars](#) and [qualified nonpersonal use vehicles](#) are discussed under *Working Condition Benefits*, later in this section.

De Minimis Transportation Benefits

You can exclude the value of any de minimis transportation benefit you provide to an employee from the employee's wages. A de minimis transportation benefit is any local transportation benefit you provide to an employee if it has so little value (taking into account how frequently you provide transportation to your employees) that accounting for it would be unreasonable or administratively impracticable. For example, it applies to occasional local transportation fare you give an employee because the employee is working overtime if the benefit is reasonable and isn't based on hours worked. Local transportation fare provided on a regular or routine basis doesn't qualify for this exclusion.

A special rule allows you to exclude as a de minimis benefit public transit passes, tokens, or fare cards you provide at a discount to defray your employee's commuting costs on the public transit system if the discount doesn't exceed \$21 in any month. Similarly, you may also provide a voucher or similar instrument that is exchangeable solely for tokens, fare cards, or other instruments that enable your employee to use the public transit system if the value of the vouchers and other instruments in any month doesn't exceed \$21. You may also reimburse your

employee to cover the cost of commuting on a public transit system, provided your employee doesn't receive more than \$21 in reimbursements for commuting costs in any month. The reimbursement must be made under a bona fide reimbursement arrangement, where you establish appropriate procedures for verifying on a periodic basis that your employee's use of public transportation for commuting is consistent with the value of the benefit provided. The exclusion doesn't apply to the provision of any benefit to defray public transit expenses incurred for personal travel other than commuting.

Employee. For this exclusion, treat any recipient of a de minimis transportation benefit as an employee.

Qualified Transportation Benefits

This exclusion applies to the following benefits.

- A ride in a commuter highway vehicle between the employee's home and work place.
- A transit pass.
- Qualified parking.

You may provide an employee with any one or more of these benefits at the same time.

Qualified transportation benefits can be provided directly by you or through a bona fide reimbursement arrangement. A bona fide reimbursement arrangement requires that the employee incur and substantiate expenses for qualified transportation benefits before reimbursement. However, cash reimbursements for transit passes qualify only if a voucher or a similar item that the employee can exchange only for a transit pass isn't readily available for direct distribution by you to your employee. A voucher is readily available for direct distribution only if an employer can obtain it from a voucher provider that doesn't impose fare media charges or other restrictions that effectively prevent the employer from obtaining vouchers. See Regulations section 1.132-9(b)(Q&A 16–19) for more information.

Compensation reduction agreements. A compensation reduction agreement is a way to provide qualified transportation benefits on a pre-tax basis by offering your employees a choice between cash compensation and any qualified transportation benefit. A compensation reduction arrangement can be used with a bona fide reimbursement arrangement. For each month, the amount of the compensation reduction can't exceed the monthly limits for transportation benefits described under [Exclusion from wages](#), later. For more information about providing qualified transportation fringe benefits under a compensation reduction agreement, see Regulations section 1.132-9(b)(Q&A 11–15).

Commuter highway vehicle. A commuter highway vehicle is any highway vehicle that seats at least 6 adults (not including the driver). In addition, you must reasonably expect that at least 80% of the vehicle mileage will be for transporting employees between their homes and work-

place with employees occupying at least one-half the vehicle's seats (not including the driver's).

Transit pass. A transit pass is any pass, token, farecard, voucher, or similar item entitling a person to ride, free of charge or at a reduced rate, on one of the following.

- Mass transit.
- In a vehicle that seats at least 6 adults (not including the driver) if a person in the business of transporting persons for pay or hire operates it.

Mass transit may be publicly or privately operated and includes bus, rail, or ferry. For guidance on the use of smart cards and debit cards to provide qualified transportation fringes, see Revenue Ruling 2014-32, 2014-50 I.R.B. 917, available at [IRS.gov/irb/2014-50_IRB#RR-2014-32](https://www.irs.gov/irb/2014-50_IRB#RR-2014-32).

Qualified parking. Qualified parking is parking you provide to your employees on or near your business premises. It includes parking on or near the location from which your employees commute to work using mass transit, commuter highway vehicles, or carpools. It doesn't include parking at or near your employee's home.



Qualified bicycle commuting reimbursement suspended. Section 11047 of P.L. 115-97 suspends the exclusion of qualified bicycle commuting reimbursements from your employee's income for any tax year beginning after 2017 and before 2026.

Employee. For this exclusion, treat the following individuals as employees.

- A current employee.
- A leased employee who has provided services to you on a substantially full-time basis for at least a year if the services are performed under your primary direction or control.

A self-employed individual isn't an employee for qualified transportation benefit purposes.

Exception for S corporation shareholders. Don't treat a 2% shareholder of an S corporation as an employee of the corporation for this purpose. A 2% shareholder is someone who directly or indirectly owns (at any time during the year) more than 2% of the corporation's stock or stock with more than 2% of the voting power. Treat a 2% shareholder as you would a partner in a partnership for fringe benefit purposes, but don't treat the benefit as a reduction in distributions to the 2% shareholder. For more information, see Revenue Ruling 91-26, 1991-1 C.B. 184.

Relation to other fringe benefits. You can't exclude a qualified transportation benefit you provide to an employee under the de minimis or working condition benefit rules. However, if you provide a local transportation benefit other than by transit pass or commuter highway vehicle, or to a person other than an employee, you may be able to exclude all or part of the benefit under other fringe benefit rules (de minimis, working condition, etc.).

Exclusion from wages. You can generally exclude the value of transportation benefits that you provide to an employee during 2024 from the employee's wages up to the following limits.

- \$315 per month for combined commuter highway vehicle transportation and transit passes.
- \$315 per month for qualified parking.

Benefits more than the limit. If the value of a benefit for any month is more than its limit, include in the employee's wages the amount over the limit minus any amount the employee paid for the benefit. You can't exclude the excess from the employee's wages as a de minimis transportation benefit.

TIP **Qualified transportation benefits aren't deductible.** Sections 274(a)(4) and 274(l) provide that no deduction is allowed for qualified transportation benefits (whether provided directly by you, through a bona fide reimbursement arrangement, or through a compensation reduction agreement) incurred or paid after 2017. Also, no deduction is allowed for any expense incurred for providing any transportation, or any payment or reimbursement to your employee, in connection with travel between your employee's residence and place of employment, except as necessary for ensuring the safety of your employee or for qualified bicycle commuting reimbursements, as described in section 132(f)(5)(F) (even though the exclusion for qualified bicycle commuting reimbursements is suspended, as discussed earlier). While you may no longer deduct payments for qualified transportation benefits, the fringe benefit exclusion rules still apply and the payments may be excluded from your employee's wages, as discussed earlier. Although the value of a qualified transportation fringe benefit is relevant in determining the fringe benefit exclusion and whether the section 274(e)(2) exception for expenses treated as compensation applies, the deduction that is disallowed relates to the expense of providing a qualified transportation fringe, not its value. For more information, see Regulations sections 1.274-13 and 1.274-14.

More information. For more information on qualified transportation benefits, including van pools, and how to determine the value of parking, see Regulations section 1.132-9.

Tuition Reduction

An educational organization can exclude the value of a qualified tuition reduction it provides to an employee from the employee's wages.

A tuition reduction for undergraduate education generally qualifies for this exclusion if it is for the education of one of the following individuals.

1. A current employee.
2. A former employee who retired or left on disability.
3. A surviving spouse of an individual who died while an employee.

4. A surviving spouse of a former employee who retired or left on disability.
5. A dependent child or spouse of any individual listed in (1) through (4) above.

A tuition reduction for graduate education qualifies for this exclusion only if it is for the education of a graduate student who performs teaching or research activities for the educational organization.

For more information on this exclusion, see *Qualified Tuition Reduction* under *Other Types of Educational Assistance* in chapter 1 of Pub. 970.

Working Condition Benefits

This exclusion applies to property and services you provide to an employee so that the employee can perform their job. It applies to the extent the cost of the property or services would be allowable as a business expense or depreciation expense deduction to the employee if they had paid for it. The employee must meet any substantiation requirements that apply to the deduction. Examples of working condition benefits include an employee's use of a company car for business, an [employer-provided cell phone](#) provided primarily for noncompensatory business purposes (discussed earlier), and job-related education provided to an employee.

This exclusion also applies to a cash payment you provide for an employee's expenses for a specific or prearranged business activity if such expenses would otherwise be allowable as a business expense or depreciation expense deduction to the employee. You must require the employee to verify that the payment is actually used for those expenses and to return any unused part of the payment.

The exclusion doesn't apply to the following items.

- A service or property provided under a flexible spending account in which you agree to provide the employee, over a time period, a certain level of unspecified noncash benefits with a predetermined cash value.
- A physical examination program you provide, even if mandatory.
- Any item to the extent the payment would be allowable as a deduction to the employee as an expense for a trade or business other than your trade or business. For more information, see Regulations section 1.132-5(a)(2).

Employee. For this exclusion, treat the following individuals as employees.

- A current employee.
- A partner who performs services for a partnership.
- A director of your company.
- An independent contractor who performs services for you.

Vehicle allocation rules. If you provide a car for an employee's use, the amount you can exclude as a working condition benefit is the amount that would be allowable as a deductible business expense if the employee paid for its use. If the employee uses the car for both business and personal use, the value of the working condition benefit is the part determined to be for business use of the vehicle. See *Business use of your car* next. Also, see the special rules for certain [demonstrator cars](#) and [qualified nonpersonal use vehicles](#) discussed later.

Business use of your car. If you use your car exclusively in your business, you can deduct car expenses. If you use your car for both business and personal purposes, you must divide your expenses based on actual mileage. Generally, commuting expenses between your home and your business location, within the area of your tax home, are not deductible.

You can deduct actual car expenses, which include depreciation (or lease payments), gas and oil, tires, repairs, tune-ups, insurance, and registration fees. Or, instead of figuring the business part of these actual expenses, you may be able to use the standard mileage rate to figure your deduction. To find the standard mileage rate for 2024, go to [IRS.gov/Tax-Professionals/Standard-Mileage-Rates](https://www.irs.gov/Tax-Professionals/Standard-Mileage-Rates).

If you are self-employed, you can also deduct the business part of interest on your car loan, state and local personal property tax on the car, parking fees, and tolls, whether or not you claim the standard mileage rate.

For more information on car expenses and the rules for using the standard mileage rate, see Pub. 463.

Demonstrator cars. Generally, all of the use of a demonstrator car by your full-time auto salesperson in the sales area in which your sales office is located qualifies as a working condition benefit if the use is primarily to facilitate the services the salesperson provides for you and there are substantial restrictions on personal use. For more information and the definition of "full-time auto salesperson," see Regulations section 1.132-5(o). For optional, simplified methods used to determine if full, partial, or no exclusion of income to the employee for personal use of a demonstrator car applies, see Revenue Procedure 2001-56. You can find Revenue Procedure 2001-56 on page 590 of Internal Revenue Bulletin 2001-51 at [IRS.gov/pub/irs-irbs/irb01-51.pdf](https://www.irs.gov/pub/irs-irbs/irb01-51.pdf).

Qualified nonpersonal use vehicles. All of an employee's use of a qualified nonpersonal use vehicle is a working condition benefit. A qualified nonpersonal use vehicle is any vehicle the employee isn't likely to use more than minimally for personal purposes because of its design. Qualified nonpersonal use vehicles generally include all of the following vehicles.

- Clearly marked, through painted insignia or words, police, fire, and public safety vehicles, provided that any personal use of the vehicle (other than commuting) is prohibited by the governmental unit.
- Unmarked vehicles used by law enforcement officers if the use is officially authorized. Any personal use must

be authorized by the employer, and must be related to law-enforcement functions, such as being able to report directly from home to an emergency situation. Use of an unmarked vehicle for vacation or recreation trips can't qualify as an authorized use.

- An ambulance or hearse used for its specific purpose.
- Any vehicle designed to carry cargo with a loaded gross vehicle weight over 14,000 pounds.
- Delivery trucks with seating for the driver only, or the driver plus a folding jump seat.
- A passenger bus with a capacity of at least 20 passengers used for its specific purpose and school buses. The working condition benefit is available only for the driver, not for any passengers.
- Tractors and other special-purpose farm vehicles.
- Bucket trucks, cement mixers, combines, cranes and derricks, dump trucks (including garbage trucks), flat-bed trucks, forklifts, qualified moving vans, qualified specialized utility repair trucks, and refrigerated trucks.

See Regulations section 1.274-5(k) for the definition of qualified moving van and qualified specialized utility repair truck.

Pickup trucks. A pickup truck with a loaded gross vehicle weight of 14,000 pounds or less is a qualified nonpersonal use vehicle if it has been specially modified so it isn't likely to be used more than minimally for personal purposes. For example, a pickup truck qualifies if it is clearly marked with permanently affixed decals, special painting, or other advertising associated with your trade, business, or function and meets either of the following requirements.

1. It is equipped with at least one of the following items.
 - a. A hydraulic lift gate.
 - b. Permanent tanks or drums.
 - c. Permanent side boards or panels that materially raise the level of the sides of the truck bed.
 - d. Other heavy equipment (such as an electric generator, welder, boom, or crane used to tow automobiles and other vehicles).
2. It is used primarily to transport a particular type of load (other than over the public highways) in a construction, manufacturing, processing, farming, mining, drilling, timbering, or other similar operation for which it was specially designed or significantly modified.

Vans. A van with a loaded gross vehicle weight of 14,000 pounds or less is a qualified nonpersonal use vehicle if it has been specially modified so it isn't likely to be used more than minimally for personal purposes. For example, a van qualifies if it is clearly marked with permanently affixed decals, special painting, or other advertising associated with your trade, business, or function and has a seat for the driver only (or the driver and one other person) and either of the following items.

- Permanent shelving that fills most of the cargo area.

- An open cargo area and the van always carries merchandise, material, or equipment used in your trade, business, or function.

Education. Certain job-related education you provide to an employee may qualify for exclusion as a working condition benefit. To qualify, the education must meet the same requirements that would apply for determining whether the employee could deduct the expenses had the employee paid the expenses. Degree programs as a whole don't necessarily qualify as a working condition benefit. Each course in the program must be evaluated individually for qualification as a working condition benefit. The education must meet at least one of the following tests.

- The education is required by the employer or by law for the employee to keep their present salary, status, or job. The required education must serve a bona fide business purpose of the employer.
- The education maintains or improves skills needed in the job.

However, even if the education meets one or both of the above tests, it isn't qualifying education if it:

- Is needed to meet the minimum educational requirements of the employee's present trade or business, or
- Is part of a program of study that will qualify the employee for a new trade or business.

Outplacement services. An employee's use of outplacement services qualifies as a working condition benefit if you provide the services to the employee on the basis of need, you get a substantial business benefit from the services distinct from the benefit you would get from the payment of additional wages, and the employee is seeking new employment in the same kind of trade or business in which the employee is presently working. Substantial business benefits include promoting a positive business image, maintaining employee morale, and avoiding wrongful termination suits.

Outplacement services don't qualify as a working condition benefit if the employee can choose to receive cash or taxable benefits in place of the services. If you maintain a severance plan and permit employees to get outplacement services with reduced severance pay, include in the employee's wages the difference between the unreduced severance and the reduced severance payments.

Product testing. The FMV of the use of consumer goods, which are manufactured for sale to nonemployees, for product testing and evaluation by your employee outside your workplace, qualifies as a working condition benefit if all of the following conditions are met.

- Consumer testing and evaluation of the product is an ordinary and necessary business expense for you.
- Business reasons necessitate that the testing and evaluation must be performed off your business premises. For example, the testing and evaluation can't be

carried out adequately in your office or in laboratory testing facilities.

- You provide the product to your employee for purposes of testing and evaluation.
- You provide the product to your employee for no longer than necessary to test and evaluate its performance, and (to the extent not finished) the product must be returned to you at completion of the testing and evaluation period.
- You impose limitations on your employee's use of the product that significantly reduce the value of any personal benefit to your employee. This includes limiting your employee's ability to select among different models or varieties of the consumer product, and prohibiting the use of the product by persons other than your employee.
- Your employee submits detailed reports to you on the testing and evaluation.

The program won't qualify if you don't use and examine the results of the detailed reports submitted by employees within a reasonable period of time after expiration of the testing period. Additionally, existence of one or more of the following factors may also establish that the program isn't a bona fide product-testing program.

- The program is in essence a leasing program under which employees lease the consumer goods from you for a fee.
- The nature of the product and other considerations are insufficient to justify the testing program.
- The expense of the program outweighs the benefits to be gained from testing and evaluation.

The program must also not be limited to only certain classes of employees (such as highly compensated employees), unless you can show a business reason for providing the products only to specific employees. For example, an automobile manufacturer may limit providing automobiles for testing and evaluation to only their design engineers and supervisory mechanics, as they can properly evaluate the automobiles.

Exclusion from wages. You can generally exclude the value of a working condition benefit you provide to an employee from the employee's wages.

Exception for independent contractors who perform services for you. You can't exclude the use of consumer goods you provide in a product-testing program from the compensation you pay to an independent contractor. You can't exclude the value of parking as a working condition benefit, but you may be able to exclude it as a de minimis fringe benefit. Transit passes provided to independent contractors may be excluded as a working condition benefit if they meet the requirements of a working condition benefit described earlier. However, personal commuting expenses aren't deductible as a business expense. Transit passes may also be excluded as a de minimis fringe benefit. For more information on de minimis

transportation benefits, see [De Minimis Transportation Benefits](#), earlier in this section.

Exception for company directors. You can't exclude the value of the use of consumer goods you provide in a product-testing program from the compensation you pay to a director.

3. Fringe Benefit Valuation Rules

This section discusses the rules you must use to determine the value of a fringe benefit you provide to an employee. You must determine the value of any benefit you can't exclude under the rules in [section 2](#) or for which the amount you can exclude is limited. See [Including taxable benefits in pay](#) in section 1.

In most cases, you must use the general valuation rule to value a fringe benefit. However, you may be able to use a special valuation rule to determine the value of certain benefits.

This section doesn't discuss the special valuation rule used to value meals provided at an employer-operated eating facility for employees. For that rule, see Regulations section 1.61-21(j). This section also doesn't discuss the special valuation rules used to value the use of aircraft. For those rules, see Regulations sections 1.61-21(g) and (h). The aircraft fringe benefit valuation formulas are published in the Internal Revenue Bulletin as Revenue Rulings twice during the year. The formula applicable for the first half of the year is usually available at the end of March. The formula applicable for the second half of the year is usually available at the end of September.

General Valuation Rule

You must use the general valuation rule to determine the value of most fringe benefits. Under this rule, the value of a fringe benefit is its FMV.

FMV. The FMV of a fringe benefit is the amount an employee would have to pay a third party in an arm's-length transaction to buy or lease the benefit. Determine this amount on the basis of all the facts and circumstances.

Neither the amount the employee considers to be the value of the fringe benefit nor the cost you incur to provide the benefit determines its FMV.

Employer-provided vehicles. In general, the FMV of an employer-provided vehicle is the amount the employee would have to pay a third party to lease the same or similar vehicle on the same or comparable terms in the geographic area where the employee uses the vehicle. A comparable lease term would be the amount of time the vehicle is available for the employee's use, such as a 1-year period.

Don't determine the FMV by multiplying a cents-per-mile rate times the number of miles driven unless the employee can prove the vehicle could have been leased on a cents-per-mile basis.

Cents-Per-Mile Rule

Under this rule, you determine the value of a vehicle you provide to an employee for personal use by multiplying the standard mileage rate by the total miles the employee drives the vehicle for personal purposes. Personal use is any use of the vehicle other than use in your trade or business. This amount must be included in the employee's wages or reimbursed by the employee. For 2024, the standard mileage rate is 67 cents per mile.

You can use the cents-per-mile rule if either of the following requirements is met.

- You reasonably expect the vehicle to be regularly used in your trade or business throughout the calendar year (or for a shorter period during which you own or lease it).
- The vehicle meets the mileage test.



Maximum automobile value. You can't use the cents-per-mile rule for an automobile (including a truck or van) if its value when you first make it available to any employee for personal use in calendar year 2024 is more than \$62,000. For guidance related to the impact of P.L. 115-97 on this rule, see Treasury Decision 9893, 2020-09 I.R.B. 449, available at [IRS.gov/irb/2020-09 IRB#TD-9893](#). If you and the employee own or lease the automobile together, see Regulations sections 1.61-21(e)(1)(iii)(B) and (C).

Vehicle. For the cents-per-mile rule, a vehicle is any motorized wheeled vehicle, including an automobile, manufactured primarily for use on public streets, roads, and highways.

Regular use in your trade or business. Whether a vehicle is regularly used in your trade or business is determined on the basis of all facts and circumstances. A vehicle is considered regularly used in your trade or business if one of the following safe harbor conditions is met.

- At least 50% of the vehicle's total annual mileage is for your trade or business.
- You sponsor a commuting pool that generally uses the vehicle each workday to drive at least three employees to and from work.

Infrequent business use of the vehicle, such as for occasional trips to the airport or between your multiple business premises, isn't regular use of the vehicle in your trade or business.

Mileage test. A vehicle meets the mileage test for a calendar year if both of the following requirements are met.

- The vehicle is actually driven at least 10,000 miles during the year. If you own or lease the vehicle only

part of the year, reduce the 10,000-mile requirement proportionately.

- The vehicle is used during the year primarily by employees. Consider the vehicle used primarily by employees if they use it consistently for commuting. Don't treat the use of the vehicle by another individual whose use would be taxed to the employee as use by the employee.

For example, if only one employee uses a vehicle during the calendar year and that employee drives the vehicle at least 10,000 miles in that year, the vehicle meets the mileage test even if all miles driven by the employee are personal.

Consistency requirements. If you use the cents-per-mile rule, the following requirements apply.

- You must begin using the cents-per-mile rule on the first day you make the vehicle available to any employee for personal use. However, if you use the [commuting rule](#) (discussed later) when you first make the vehicle available to any employee for personal use, you can change to the cents-per-mile rule on the first day for which you don't use the commuting rule.
- You must use the cents-per-mile rule for all later years in which you make the vehicle available to any employee and the vehicle qualifies, except that you can use the commuting rule for any year during which use of the vehicle qualifies under the commuting rule. However, if the vehicle doesn't qualify for the cents-per-mile rule during a later year, you can use for that year and thereafter any other rule for which the vehicle then qualifies.
- You must continue to use the cents-per-mile rule if you provide a replacement vehicle to the employee (and the vehicle qualifies for the use of this rule) and your primary reason for the replacement is to reduce federal taxes.

Items included in cents-per-mile rate. The cents-per-mile rate includes the value of maintenance and insurance for the vehicle. Don't reduce the rate by the value of any service included in the rate that you didn't provide. You can take into account the services actually provided for the vehicle by using the [general valuation rule](#), earlier.

For miles driven in the United States, its territories, Canada, and Mexico, the cents-per-mile rate includes the value of fuel you provide. If you don't provide fuel, you can reduce the rate by no more than 5.5 cents.

For special rules that apply to fuel you provide for miles driven outside the United States, Canada, and Mexico, see Regulations section 1.61-21(e)(3)(ii)(B).

The value of any other service you provide for a vehicle isn't included in the cents-per-mile rate. Use the general valuation rule to value these services.

Commuting Rule

Under this rule, you determine the value of a vehicle you provide to an employee for commuting use by multiplying each one-way commute (that is, from home to work or from work to home) by \$1.50. If more than one employee commutes in the vehicle, this value applies to each employee. This amount must be included in the employee's wages or reimbursed by the employer.

You can use the commuting rule if all the following requirements are met.

- You provide the vehicle to an employee for use in your trade or business and, for bona fide noncompensatory business reasons, you require the employee to commute in the vehicle. You will be treated as if you had met this requirement if the vehicle is generally used each workday to carry at least three employees to and from work in an employer-sponsored commuting pool.
- You establish a written policy under which you don't allow the employee, nor any individual whose use would be taxable to the employee, to use the vehicle for personal purposes other than for commuting or de minimis personal use (such as a stop for a personal errand on the way between a business delivery and the employee's home). Personal use of a vehicle is all use that isn't for your trade or business.
- The employee doesn't use the vehicle for personal purposes other than commuting and de minimis personal use.
- If this vehicle is an automobile (any four-wheeled vehicle, such as a car, pickup truck, or van), the employee who uses it for commuting isn't a control employee. See [Control employee](#), later.

Vehicle. For this rule, a vehicle is any motorized wheeled vehicle (including an automobile) manufactured primarily for use on public streets, roads, and highways.

Control employee. A control employee of a nongovernment employer for 2024 is generally any of the following employees.

- A board- or shareholder-appointed, confirmed, or elected officer whose pay is \$135,000 or more.
- A director.
- An employee whose pay is \$275,000 or more.
- An employee who owns a 1% or more equity, capital, or profits interest in your business.

A control employee for a government employer for 2024 is either of the following.

- A government employee whose compensation is equal to or exceeds Federal Government Executive Level V. Go to the Office of Personnel Management website at [OPM.gov/policy-data-oversight/pay-leave/salaries-wages](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages) for 2024 compensation information.
- An elected official.

Highly compensated employee alternative. Instead of using the preceding definition, you can choose to define a control employee as any highly compensated employee. A highly compensated employee for 2024 is an employee who meets either of the following tests.

1. The employee was a 5% owner at any time during the year or the preceding year.
2. The employee received more than \$150,000 in pay for the preceding year.

You can choose to ignore test (2) if the employee wasn't also in the top 20% of employees when ranked by pay for the preceding year.

Lease Value Rule

Under this rule, you determine the value of an automobile you provide to an employee by using its annual lease value. For an automobile provided only part of the year, use either its [prorated annual lease value](#) or its [daily lease value](#) (discussed later).

If the automobile is used by the employee in your business, you generally reduce the lease value by the amount that is excluded from the employee's wages as a [working condition benefit](#) (discussed earlier in section 2). In order to do this, the employee must account to the employer for the business use. This is done by substantiating the usage (mileage, for example), the time and place of the travel, and the business purpose of the travel. Written records made at the time of each business use are the best evidence. Any use of a company-provided vehicle that isn't substantiated as business use is included in income. The working condition benefit is the amount that would be an allowable business expense deduction for the employee if the employee paid for the use of the vehicle.

Automobile. For this rule, an automobile is any four-wheeled vehicle (such as a car, pickup truck, or van) manufactured primarily for use on public streets, roads, and highways.

Consistency requirements. If you use the lease value rule, the following requirements apply.

1. You must begin using this rule on the first day you make the automobile available to any employee for personal use. However, the following exceptions apply.
 - a. If you use the [commuting rule](#) (discussed earlier in this section) when you first make the automobile available to any employee for personal use, you can change to the lease value rule on the first day for which you don't use the commuting rule.
 - b. If you use the [cents-per-mile rule](#) (discussed earlier in this section) when you first make the automobile available to any employee for personal use, you can change to the lease value rule on the first day on which the automobile no longer qualifies for the cents-per-mile rule.

2. You must use this rule for all later years in which you make the automobile available to any employee, except that you can use the commuting rule for any year during which use of the automobile qualifies.
3. You must continue to use this rule if you provide a replacement automobile to the employee and your primary reason for the replacement is to reduce federal taxes.

Annual Lease Value

Generally, you figure the annual lease value of an automobile as follows.

1. Determine the FMV of the automobile on the first date it is available to any employee for personal use.
2. Using Table 3-1, read down column (1) until you come to the dollar range within which the FMV of the automobile falls. Then read across to column (2) to find the annual lease value.
3. Multiply the annual lease value by the percentage of personal miles out of total miles driven by the employee.

Table 3-1. Annual Lease Value Table

(1) Automobile FMV	(2) Annual Lease Value
\$ 0 to 999	\$ 600
1,000 to 1,999	850
2,000 to 2,999	1,100
3,000 to 3,999	1,350
4,000 to 4,999	1,600
5,000 to 5,999	1,850
6,000 to 6,999	2,100
7,000 to 7,999	2,350
8,000 to 8,999	2,600
9,000 to 9,999	2,850
10,000 to 10,999	3,100
11,000 to 11,999	3,350
12,000 to 12,999	3,600
13,000 to 13,999	3,850
14,000 to 14,999	4,100
15,000 to 15,999	4,350
16,000 to 16,999	4,600
17,000 to 17,999	4,850
18,000 to 18,999	5,100
19,000 to 19,999	5,350
20,000 to 20,999	5,600
21,000 to 21,999	5,850
22,000 to 22,999	6,100
23,000 to 23,999	6,350
24,000 to 24,999	6,600
25,000 to 25,999	6,850
26,000 to 27,999	7,250
28,000 to 29,999	7,750
30,000 to 31,999	8,250
32,000 to 33,999	8,750
34,000 to 35,999	9,250
36,000 to 37,999	9,750
38,000 to 39,999	10,250
40,000 to 41,999	10,750
42,000 to 43,999	11,250
44,000 to 45,999	11,750
46,000 to 47,999	12,250
48,000 to 49,999	12,750
50,000 to 51,999	13,250
52,000 to 53,999	13,750
54,000 to 55,999	14,250
56,000 to 57,999	14,750
58,000 to 59,999	15,250

For automobiles with an FMV of more than \$59,999, the annual lease value equals $(0.25 \times \text{the FMV of the automobile}) + \500 .

FMV. The FMV of an automobile is the amount a person would pay to buy it from a third party in an arm's-length transaction in the area in which the automobile is bought or leased. That amount includes all purchase expenses, such as sales tax and title fees.

If you have 20 or more automobiles, see Regulations section 1.61-21(d)(5)(v). If you and the employee own or lease the automobile together, see Regulations section 1.61-21(d)(2)(ii).

You don't have to include the value of a telephone or any specialized equipment added to, or carried in, the automobile if the equipment is necessary for your business. However, include the value of specialized equipment if the employee to whom the automobile is available uses the

specialized equipment in a trade or business other than yours.

Neither the amount the employee considers to be the value of the benefit nor your cost for either buying or leasing the automobile determines its FMV. However, see *Safe-harbor value* next.

Safe-harbor value. You may be able to use a safe-harbor value as the FMV.

For an automobile you bought at arm's length, the safe-harbor value is your cost, including sales tax, title, and other purchase expenses. This method isn't available for an automobile you manufactured.

For an automobile you lease, you can use any of the following as the safe-harbor value.

- The manufacturer's invoice price (including options) plus 4%.
- The manufacturer's suggested retail price minus 8% (including sales tax, title, and other expenses of purchase).
- The retail value of the automobile reported by a nationally recognized pricing source if that retail value is reasonable for the automobile.

Items included in annual lease value table. Each annual lease value in the table includes the value of maintenance and insurance for the automobile. Don't reduce the annual lease value by the value of any of these services that you didn't provide. For example, don't reduce the annual lease value by the value of a maintenance service contract or insurance you didn't provide. You can take into account the services actually provided for the automobile by using the [general valuation rule](#) discussed earlier.

Items not included. The annual lease value doesn't include the value of fuel you provide to an employee for personal use, regardless of whether you provide it, reimburse its cost, or have it charged to you. You must include the value of the fuel separately in the employee's wages. You can value fuel you provided at FMV or at 5.5 cents per mile for all miles driven by the employee. However, you can't value at 5.5 cents per mile fuel you provide for miles driven outside the United States (including its territories), Canada, and Mexico.

If you reimburse an employee for the cost of fuel, or have it charged to you, you generally value the fuel at the amount you reimburse, or the amount charged to you if it was bought at arm's length.

If you have 20 or more automobiles, see Regulations section 1.61-21(d)(3)(ii)(D).

If you provide any service other than maintenance and insurance for an automobile, you must add the FMV of that service to the annual lease value of the automobile to figure the value of the benefit.

4-year lease term. The annual lease values in the table are based on a 4-year lease term. These values will generally stay the same for the period that begins with the first date you use this rule for the automobile and ends on December 31 of the fourth full calendar year following that date.

Figure the annual lease value for each later 4-year period by determining the FMV of the automobile on January 1 of the first year of the later 4-year period and selecting the amount in column (2) of the table that corresponds to the appropriate dollar range in column (1).

Using the special accounting rule. If you use the [special accounting rule](#) for fringe benefits discussed in section 4, you can figure the annual lease value for each later 4-year period at the beginning of the special accounting period that starts immediately before the January 1 date described in the previous paragraph.

For example, assume that you use the special accounting rule and that, beginning on November 1, 2023, the special accounting period is November 1 to October 31. You elected to use the lease value rule as of January 1, 2024. You can refigure the annual lease value on November 1, 2027, rather than on January 1, 2028.

Transferring an automobile from one employee to another. Unless the primary purpose of the transfer is to reduce federal taxes, you can refigure the annual lease value based on the FMV of the automobile on January 1 of the calendar year of transfer.

However, if you use the [special accounting rule](#) for fringe benefits discussed in section 4, you can refigure the annual lease value (based on the FMV of the automobile) at the beginning of the special accounting period in which the transfer occurs.

Prorated Annual Lease Value

If you provide an automobile to an employee for a continuous period of 30 or more days but less than an entire calendar year, you can prorate the annual lease value. Figure the prorated annual lease value by multiplying the annual lease value by a fraction, using the number of days of availability as the numerator and 365 as the denominator.

If you provide an automobile continuously for at least 30 days, but the period covers 2 calendar years (or 2 special accounting periods if you're using the [special accounting rule](#) for fringe benefits discussed in section 4), you can use the prorated annual lease value or the daily lease value.

If you have 20 or more automobiles, see Regulations section 1.61-21(d)(6).

If an automobile is unavailable to the employee because of the employee's personal reasons (for example, if the employee is on vacation), you can't take into account the periods of unavailability when you use a prorated annual lease value.



You can't use a prorated annual lease value if the reduction of federal tax is the main reason the automobile is unavailable.

Daily Lease Value

If you provide an automobile to an employee for a continuous period of less than 30 days, use the daily lease value

to figure its value. Figure the daily lease value by multiplying the annual lease value by a fraction, using four times the number of days of availability as the numerator and 365 as the denominator.

However, you can apply a prorated annual lease value for a period of continuous availability of less than 30 days by treating the automobile as if it had been available for 30 days. Use a prorated annual lease value if it would result in a lower valuation than applying the daily lease value to the shorter period of availability.

Unsafe Conditions Commuting Rule

Under this rule, the value of commuting transportation you provide to a qualified employee solely because of unsafe conditions is \$1.50 for a one-way commute (that is, from home to work or from work to home). If more than one employee commutes in the vehicle, this value applies to each employee. This amount must be included in the employee's wages or reimbursed by the employee.

You can use the unsafe conditions commuting rule for qualified employees if all of the following requirements are met.

- The employee would ordinarily walk or use public transportation for commuting.
- You have a written policy under which you don't provide the transportation for personal purposes other than commuting because of unsafe conditions.
- The employee doesn't use the transportation for personal purposes other than commuting because of unsafe conditions.

These requirements must be met on a trip-by-trip basis.

Commuting transportation. This is transportation to or from work using any motorized wheeled vehicle (including an automobile) manufactured for use on public streets, roads, and highways. You or the employee must buy the transportation from a party that isn't related to you. If the employee buys it, you must reimburse the employee for its cost (for example, cab fare) under a bona fide reimbursement arrangement.

Qualified employee. A qualified employee for 2024 is one who:

- Performs services during the year;
- Is paid on an hourly basis;
- Isn't claimed under section 213(a)(1) of the Fair Labor Standards Act (FLSA) of 1938 (as amended) to be exempt from the minimum wage and maximum hour provisions;
- Is within a classification for which you actually pay, or have specified in writing that you will pay, overtime pay of at least one and one-half times the regular rate provided in section 207 of FLSA; and
- Received pay of not more than \$150,000 during 2023.

However, an employee isn't considered a qualified employee if you don't comply with the recordkeeping requirements concerning the employee's wages, hours, and other conditions and practices of employment under section 211(c) of FLSA and the related regulations.

Unsafe conditions. Unsafe conditions exist if, under the facts and circumstances, a reasonable person would consider it unsafe for the employee to walk or use public transportation at the time of day the employee must commute. One factor indicating whether it is unsafe is the history of crime in the geographic area surrounding the employee's workplace or home at the time of day the employee commutes.

4. Rules for Withholding, Depositing, and Reporting

Use the following guidelines for withholding, depositing, and reporting taxable noncash fringe benefits.

Valuation of taxable fringe benefits. Generally, you must determine the value of taxable noncash fringe benefits no later than January 31 of the next year. Before January 31, you may reasonably estimate the value of the fringe benefits for purposes of withholding and depositing on time.

Choice of period for withholding, depositing, and reporting. For employment tax and withholding purposes, you can treat taxable noncash fringe benefits (including personal use of employer-provided highway motor vehicles) as paid on a pay period, quarter, semiannual, annual, or other basis. But the benefits must be treated as paid no less frequently than annually. You don't have to choose the same period for all employees. You can withhold more frequently for some employees than for others.

You can change the period as often as you like as long as you treat all of the benefits provided in a calendar year as paid no later than December 31 of the calendar year.

You can also treat the value of a single fringe benefit as paid on one or more dates in the same calendar year, even if the employee receives the entire benefit at one time. For example, if your employee receives a fringe benefit valued at \$1,000 in one pay period during 2024, you can treat it as made in four payments of \$250, each in a different pay period of 2024. You don't have to notify the IRS of the use of the periods discussed above.

Transfer of property. The above choice for reporting and withholding doesn't apply to a cash fringe benefit or a fringe benefit that is a transfer of tangible or intangible personal property of a kind normally held for investment or a transfer of real property. For these kinds of fringe benefits, you must use the actual date the property was transferred to the employee.

Withholding and depositing taxes. You can add the value of taxable fringe benefits to regular wages for a payroll period and figure income tax withholding on the total.

Or you can withhold federal income tax on the value of fringe benefits at the flat 22% rate that applies to supplemental wages. See section 7 of Pub. 15 for the flat rate (37%) when supplemental wage payments to an individual exceed \$1 million during the year.

You must withhold the applicable income, social security, and Medicare taxes on the date or dates you chose to treat the benefits as paid. Deposit the amounts withheld as discussed in section 11 of Pub. 15.

Additional Medicare Tax withholding. In addition to withholding Medicare tax at 1.45%, you must withhold a 0.9% Additional Medicare Tax from wages you pay to an employee in excess of \$200,000 in a calendar year. You're required to begin withholding Additional Medicare Tax in the pay period in which you pay wages in excess of \$200,000 to an employee and continue to withhold it each pay period until the end of the calendar year. Additional Medicare Tax is only imposed on the employee. There is no employer share of Additional Medicare Tax. All wages that are subject to Medicare tax are subject to Additional Medicare Tax withholding if paid in excess of the \$200,000 withholding threshold.

For more information on what wages are subject to Medicare tax, see [Table 2-1](#), and the chart, *Special Rules for Various Types of Services and Payments*, in section 15 of Pub. 15. For more information on Additional Medicare Tax, go to [IRS.gov/ADMTfaqs](https://www.irs.gov/ADMTfaqs).

Amount of deposit. To estimate the amount of income tax withholding and employment taxes and to deposit them on time, make a reasonable estimate of the value of the taxable fringe benefits provided on the date or dates you chose to treat the benefits as paid. Determine the estimated deposit by figuring the amount you would have had to deposit if you had paid cash wages equal to the estimated value of the fringe benefits and withheld taxes from those cash wages. Even if you don't know which employee will receive the fringe benefit on the date the deposit is due, you should follow this procedure.

If you underestimate the value of the fringe benefits and deposit less than the amount you would have had to deposit if the applicable taxes had been withheld, you may be subject to a penalty.

If you overestimate the value of the fringe benefit and overdeposit, you can either claim a refund or have the overpayment applied to your next employment tax return. See the instructions for your employment tax return.

If you paid the required amount of taxes but withheld a lesser amount from the employee, you can recover from the employee the social security, Medicare, or income taxes you deposited on the employee's behalf and included on the employee's Form W-2. However, you must recover the income taxes before April 1 of the following year.

Paying your employee's share of social security and Medicare taxes. If you choose to pay your employee's social security and Medicare taxes on taxable fringe benefits without deducting them from the employee's pay, you must include the amount of the payments in the employee's wages. Also, if your employee leaves your employment and you have unpaid and uncollected taxes for

noncash benefits, you're still liable for those taxes. You must add the uncollected employee share of social security and Medicare taxes to the employee's wages. Follow the procedure discussed under *Employee's Portion of Taxes Paid by Employer* in section 7 of Pub. 15-A. Don't use withheld federal income tax to pay the social security and Medicare taxes.

Special accounting rule. You can treat the value of taxable noncash benefits as paid on a pay period, quarter, semiannual, annual, or other basis, provided that the benefits are treated as paid no less frequently than annually. You can treat the value of taxable noncash fringe benefits provided during the last 2 months of the calendar year, or any shorter period within the last 2 months, as paid in the next year. Thus, the value of taxable noncash benefits actually provided in the last 2 months of 2023 could be treated as provided in 2024 together with the value of benefits provided in the first 10 months of 2024. This doesn't mean that all benefits treated as paid during the last 2 months of a calendar year can be deferred until the next year. Only the value of benefits actually provided during the last 2 months of the calendar year can be treated as paid in the next calendar year.

Limitation. The special accounting rule can't be used, however, for a fringe benefit that is a transfer of tangible or intangible personal property of a kind normally held for investment or a transfer of real property.

Conformity rules. Use of the special accounting rule is optional. You can use the rule for some fringe benefits but not others. The period of use doesn't need to be the same for each fringe benefit. However, if you use the rule for a particular fringe benefit, you must use it for all employees who receive that benefit.

If you use the special accounting rule, your employee must also use it for the same period you use it. But your employee can't use the special accounting rule unless you do.

You don't have to notify the IRS if you use the special accounting rule. You may also, for appropriate administrative reasons, change the period for which you use the rule without notifying the IRS. But you must report the income and deposit the withheld taxes as required for the changed period.

Special rules for highway motor vehicles. If an employee uses the employer's vehicle for personal purposes, the value of that use must be determined by the employer and included in the employee's wages. The value of the personal use must be based on the FMV or determined by using one of the following three special valuation rules previously discussed in [section 3](#).

- The cents-per-mile rule.
- The commuting rule (for commuting use only).
- The lease value rule.

Election not to withhold income tax. You can choose not to withhold income tax on the value of an employee's personal use of a highway motor vehicle you provided. You don't have to make this choice for all

employees. You can withhold income tax from the wages of some employees but not others. You must, however, withhold the applicable social security and Medicare taxes on such benefits.

You can choose not to withhold income tax on an employee's personal use of a highway motor vehicle by:

- Notifying the employee (as described below) that you choose not to withhold; and
- Including the value of the benefits in boxes 1, 3, 5, and 14 on a timely furnished Form W-2. For use of a separate statement in lieu of using box 14, see the General Instructions for Forms W-2 and W-3.

The notice must be in writing and must be provided to the employee by January 31 of the election year or within 30 days after a vehicle is first provided to the employee, whichever is later. This notice must be provided in a manner reasonably expected to come to the attention of the affected employee. For example, the notice may be mailed to the employee, included with a paycheck, or posted where the employee could reasonably be expected to see it. You can also change your election not to withhold at any time by notifying the employee in the same manner.

Amount to report on Form 941 (or Form 943, 944, or CT-1) and Form W-2. The actual value of fringe benefits provided during a calendar year (or other period as explained under [Special accounting rule](#), earlier in this section) must be determined by January 31 of the following year. You must report the actual value on Form 941 (or Form 943, 944, or CT-1) and Form W-2. If you choose, you can use a separate Form W-2 for fringe benefits and any other benefit information.

Include the value of the fringe benefit in box 1 of Form W-2. Also include it in boxes 3 and 5, if applicable. You may show the total value of the fringe benefits provided in the calendar year or other period in box 14 of Form W-2. For additional information about reporting of fringe benefits on Form W-2, see the General Instructions for Forms W-2 and W-3.

If you use the special accounting rule, you must notify the affected employees of the period in which you used it. You must give this notice at or near the date you give the Form W-2, but not earlier than with the employee's last paycheck of the calendar year.

How To Get Tax Help

If you have questions about a tax issue; need help preparing your tax return; or want to download free publications, forms, or instructions, go to [IRS.gov](https://www.irs.gov) to find resources that can help you right away.

Preparing and filing your tax return. Go to [IRS.gov/ EmploymentEfile](https://www.irs.gov/employmentefile) for more information on filing your employment tax returns electronically.



Getting answers to your tax questions. On [IRS.gov](https://www.irs.gov), you can get up-to-date information on current events and changes in tax law.

- [IRS.gov/Help](https://www.irs.gov/Help): A variety of tools to help you get answers to some of the most common tax questions.
- [IRS.gov/Forms](https://www.irs.gov/Forms): Find forms, instructions, and publications. You will find details on the most recent tax changes and interactive links to help you find answers to your questions.
- You may also be able to access tax information in your e-filing software.

Need someone to prepare your tax return? There are various types of tax return preparers, including enrolled agents, certified public accountants (CPAs), accountants, and many others who don't have professional credentials. If you choose to have someone prepare your tax return, choose that preparer wisely. A paid tax preparer is:

- Primarily responsible for the overall substantive accuracy of your return,
- Required to sign the return, and
- Required to include their preparer tax identification number (PTIN).



Although the tax preparer always signs the return, you're ultimately responsible for providing all the information required for the preparer to accurately prepare your return and for the accuracy of every item reported on the return. Anyone paid to prepare tax returns for others should have a thorough understanding of tax matters. For more information on how to choose a tax preparer, go to [Tips for Choosing a Tax Preparer](#) on IRS.gov.

Employers can register to use Business Services Online. The Social Security Administration (SSA) offers online service at [SSA.gov/employer](https://ssa.gov/employer) for fast, free, and secure W-2 filing options to CPAs, accountants, enrolled agents, and individuals who process Form W-2 and Form W-2c.

IRS social media. Go to [IRS.gov/SocialMedia](https://www.irs.gov/SocialMedia) to see the various social media tools the IRS uses to share the latest information on tax changes, scam alerts, initiatives, products, and services. At the IRS, privacy and security are our highest priority. We use these tools to share public information with you. **Don't** post your social security number (SSN) or other confidential information on social media sites. Always protect your identity when using any social networking site.

The following IRS YouTube channels provide short, informative videos on various tax-related topics in English, Spanish, and ASL.

- [Youtube.com/irsvideos](https://www.youtube.com/irsvideos).
- [Youtube.com/irsvideosmultilingua](https://www.youtube.com/irsvideosmultilingua).
- [Youtube.com/irsvideosASL](https://www.youtube.com/irsvideosASL).

Watching IRS videos. The IRS Video portal ([IRSVideos.gov](https://www.irs.gov/IRSVideos)) contains video and audio presentations for individuals, small businesses, and tax professionals.

Online tax information in other languages. You can find information on [IRS.gov/MyLanguage](https://www.irs.gov/MyLanguage) if English isn't your native language.

Free Over-the-Phone Interpreter (OPI) Service. The IRS is committed to serving taxpayers with limited-English proficiency (LEP) by offering OPI services. The OPI Service is a federally funded program and is available at Taxpayer Assistance Centers (TACs), most IRS offices, and every VITA/TCE tax return site. The OPI Service is accessible in more than 350 languages.

Accessibility Helpline available for taxpayers with disabilities. Taxpayers who need information about accessibility services can call 833-690-0598. The Accessibility Helpline can answer questions related to current and future accessibility products and services available in alternative media formats (for example, braille, large print, audio, etc.). The Accessibility Helpline doesn't have access to your IRS account. For help with tax law, refunds, or account-related issues, go to [IRS.gov/LetUsHelp](https://www.irs.gov/LetUsHelp).

Disasters. Go to [IRS.gov/DisasterRelief](https://www.irs.gov/DisasterRelief) to review the available disaster tax relief.

Getting tax forms and publications. Go to [IRS.gov/Forms](https://www.irs.gov/Forms) to view, download, or print most of the forms, instructions, and publications you may need. Or, you can go to [IRS.gov/OrderForms](https://www.irs.gov/OrderForms) to place an order.

Getting tax publications and instructions in eBook format. Download and view most tax publications and instructions (including Pub. 15-B) on mobile devices as eBooks at [IRS.gov/eBooks](https://www.irs.gov/eBooks).

IRS eBooks have been tested using Apple's iBooks for iPad. Our eBooks haven't been tested on other dedicated eBook readers, and eBook functionality may not operate as intended.

Get a transcript of your return. You can get a copy of your tax transcript or a copy of your return by calling 800-829-4933 or by mailing Form 4506-T (transcript request) or Form 4506 (copy of return) to the IRS.

Reporting and resolving your tax-related identity theft issues.

- Tax-related identity theft happens when someone steals your personal information to commit tax fraud. Your taxes can be affected if your EIN is used to file a fraudulent return or to claim a refund or credit.
- The IRS doesn't initiate contact with taxpayers by email, text messages (including shortened links), telephone calls, or social media channels to request or verify personal or financial information. This includes requests for personal identification numbers (PINs), passwords, or similar information for credit cards, banks, or other financial accounts.
- Go to [IRS.gov/IdentityTheft](https://www.irs.gov/IdentityTheft), the IRS Identity Theft Central webpage, for information on identity theft and data security protection for taxpayers, tax professionals, and businesses. If your EIN has been lost or

stolen or you suspect you're a victim of tax-related identity theft, you can learn what steps you should take.

Making a tax payment. Payments of U.S. tax must be remitted to the IRS in U.S. dollars. [Digital assets](#) are **not** accepted. Go to [IRS.gov/Payments](#) for information on how to make a payment using any of the following options.

- [Debit Card, Credit Card, or Digital Wallet](#): Choose an approved payment processor to pay online or by phone.
- [Electronic Funds Withdrawal](#): Schedule a payment when filing your federal taxes using tax return preparation software or through a tax professional.
- [Electronic Federal Tax Payment System](#): Best option for businesses. Enrollment is required.
- [Check or Money Order](#): Mail your payment to the address listed on the notice or instructions.
- [Cash](#): You may be able to pay your taxes with cash at a participating retail store.
- [Same-Day Wire](#): You may be able to do same-day wire from your financial institution. Contact your financial institution for availability, cost, and time frames.

Note. The IRS uses the latest encryption technology to ensure that the electronic payments you make online, by phone, or from a mobile device using the IRS2Go app are safe and secure. Paying electronically is quick, easy, and faster than mailing in a check or money order.

What if I can't pay now? Go to [IRS.gov/Payments](#) for more information about your options.

- Apply for an [online payment agreement \(IRS.gov/OPA\)](#) to meet your tax obligation in monthly installments if you can't pay your taxes in full today. Once you complete the online process, you will receive immediate notification of whether your agreement has been approved.
- Use the [Offer in Compromise Pre-Qualifier](#) to see if you can settle your tax debt for less than the full amount you owe. For more information on the Offer in Compromise program, go to [IRS.gov/OIC](#).

Understanding an IRS notice or letter you've received. Go to [IRS.gov/Notices](#) to find additional information about responding to an IRS notice or letter.

Responding to an IRS notice or letter. You can now upload responses to all notices and letters using the Document Upload Tool. For notices that require additional action, taxpayers will be redirected appropriately on IRS.gov to take further action. To learn more about the tool, go to [IRS.gov/Upload](#).

Contacting your local TAC. Keep in mind, many questions can be answered on IRS.gov without visiting a TAC. Go to [IRS.gov/LetUsHelp](#) for the topics people ask about most. If you still need help, TACs provide tax help when a tax issue can't be handled online or by phone. All TACs

now provide service by appointment, so you'll know in advance that you can get the service you need without long wait times. Before you visit, go to [IRS.gov/TACLocator](#) to find the nearest TAC and to check hours, available services, and appointment options. Or, on the IRS2Go app, under the Stay Connected tab, choose the Contact Us option and click on "Local Offices."

The Taxpayer Advocate Service (TAS) Is Here To Help You

What Is TAS?

TAS is an **independent** organization within the IRS that helps taxpayers and protects taxpayer rights. TAS strives to ensure that every taxpayer is treated fairly and that you know and understand your rights under the [Taxpayer Bill of Rights](#).

How Can You Learn About Your Taxpayer Rights?

The Taxpayer Bill of Rights describes 10 basic rights that all taxpayers have when dealing with the IRS. Go to [TaxpayerAdvocate.IRS.gov](#) to help you understand what these rights mean to you and how they apply. These are **your** rights. Know them. Use them.

What Can TAS Do for You?

TAS can help you resolve problems that you can't resolve with the IRS. And their service is free. If you qualify for their assistance, you will be assigned to one advocate who will work with you throughout the process and will do everything possible to resolve your issue. TAS can help you if:

- Your problem is causing financial difficulty for you, your family, or your business;
- You face (or your business is facing) an immediate threat of adverse action; or
- You've tried repeatedly to contact the IRS but no one has responded, or the IRS hasn't responded by the date promised.

How Can You Reach TAS?

TAS has offices [in every state, the District of Columbia, and Puerto Rico](#). To find your advocate's number:

- Go to [TaxpayerAdvocate.IRS.gov/Contact-Us](#);
- Download Pub. 1546, The Taxpayer Advocate Service Is Your Voice at the IRS, available at [IRS.gov/pub/irs-pdf/p1546.pdf](#);
- Call the IRS toll free at 800-TAX-FORM (800-829-3676) to order a copy of Pub. 1546;
- Check your local directory; or
- Call TAS toll free at 877-777-4778.

How Else Does TAS Help Taxpayers?

TAS works to resolve large-scale problems that affect many taxpayers. If you know of one of these broad issues,

report it to TAS at [IRS.gov/SAMS](https://www.irs.gov/SAMS). Be sure to not include any personal taxpayer information.

**A**

Accident benefits [5](#)
 Achievement awards [7](#)
 Additional Medicare Tax [30](#)
 Adoption assistance [8](#)
 Annual lease value [27](#)
 Annual lease value table [28](#)
 Assistance (See Tax help)
 Athletic facilities [9](#)
 Automobile (See Vehicles)
 Awards, achievement [7](#)

B

Bicycle commuting reimbursement [2](#), [21](#)
 Birthday gifts [9](#)

C

Cafeteria plans [3](#)
 Cents-per-mile rule [1](#), [25](#)
 COBRA premiums [7](#)
 Comments on publication [2](#)
 Commuter highway vehicle [21](#)
 Commuting rule [26](#)
 Compensation reduction agreements [21](#)
 Copying machine use [9](#)

D

Daily lease value [29](#)
 De minimis (minimal) benefits:
 In general [9](#)
 Meals [17](#)
 Transportation [20](#)
 Definition of marriage [2](#)
 Demonstrator cars [23](#)
 Dependent care assistance [10](#)
 Deposit rules [30](#)
 Discounts for employees [11](#)

E

Educational assistance [10](#)
 Employee benefit programs:
 Accident and health benefits [5](#)
 Cafeteria plans [3](#)
 Dependent care assistance [10](#)
 Educational assistance [10](#)
 Group-term life insurance [13](#)
 Employee discounts [11](#)
 Employee stock options [12](#)
 Employer-operated eating facility [17](#)
 Employer-provided cell phones [13](#)
 Exclusion rules [5](#)

F

Fair market value (FMV) [25](#)

Fringe benefit overview [3](#)

Fringe benefits:

 Special accounting rule [31](#)
 Valuation rules [25](#)

G

General valuation rule [25](#)
 Group-term life insurance [13](#)

H

Health benefits [5](#)
 Health flexible spending arrangement (FSA) [2](#), [4](#)
 Health savings accounts (HSAs) [15](#)
 Holiday gifts [9](#)

I**Insurance:**

 Accident and health [5](#)
 Group-term life [13](#)
 Long-term care [6](#)

L

Lease value rule [27](#)
 Length of service awards [7](#)
 Life insurance:
 Group-term [13](#)
 Spouse or dependent [9](#)
 Lodging [16](#)
 Long-term care insurance [6](#)

M**Meals:**

 De minimis [17](#)
 On your business premises [18](#)
 Medical reimbursement plans [5](#)
 Minimal benefits [9](#)
 Moving expense reimbursement [2](#)

N

No-additional-cost services [19](#)
 Nonpersonal use vehicles, qualified [23](#)

O

Options on stock [12](#)
 Outplacement services [24](#)

P

P.L. 115-97, Tax Cuts and Jobs Act [2](#), [18](#),
[21](#), [22](#)
 Parking, qualified [21](#)
 Parties [9](#)
 Performance of services [3](#)
 Pickup trucks [23](#)

Picnics [9](#)

Product testing [24](#)
 Prorated annual lease value [29](#)
 Provider defined [3](#)
 Publications (See Tax help)

Q

Qualified small employer health reimbursement arrangements (QSEHRAs) [7](#)
 Qualified transportation benefits [21](#)

R

Recipient defined [3](#)
 Reporting rules [30](#)
 Retirement planning services [20](#)

S

Safety achievement awards [7](#)
 Self insurance (medical reimbursement plans) [5](#)
 Services, no-additional-cost [19](#)
 Simple cafeteria plans for small businesses [4](#)
 Special accounting rule [31](#)
 Stock options, employee [12](#)
 Student loan payment exclusion [10](#)
 Suggestions for publication [2](#)

T

Tax help [31](#)
 Taxable benefits [3](#)
 Tickets for theater or sporting events [9](#)
 Transit pass [21](#)
 Transportation benefits:
 De minimis [20](#)
 Qualified [21](#)
 Tuition reduction [22](#)

U

Unsafe conditions commuting rule [29](#)

V

Valuation rules [25](#)
 Vans [23](#)
 Vehicles:
 Business use of (See Working condition benefits)
 Commuter highway [21](#)
 Qualified nonpersonal use [23](#)
 Valuation of [25](#)

W

Withholding rules [30](#)
 Working condition benefits [22](#)



Employment Eligibility Verification

Department of Homeland Security
U.S. Citizenship and Immigration Services

USCIS
Form I-9
OMB No. 1615-0047
Expires 05/31/2027

START HERE: Employers must ensure the form instructions are available to employees when completing this form. Employers are liable for failing to comply with the requirements for completing this form. See below and the [Instructions](#).

ANTI-DISCRIMINATION NOTICE: All employees can choose which acceptable documentation to present for Form I-9. Employers cannot ask employees for documentation to verify information in Section 1, or specify which acceptable documentation employees must present for Section 2 or Supplement B, Reverification and Rehire. Treating employees differently based on their citizenship, immigration status, or national origin may be illegal.

Section 1. Employee Information and Attestation: Employees must complete and sign Section 1 of Form I-9 no later than the first day of employment, but not before accepting a job offer.

Last Name (Family Name)		First Name (Given Name)		Middle Initial (if any)	Other Last Names Used (if any)	
Address (Street Number and Name)			Apt. Number (if any)	City or Town		State ▼
Date of Birth (mm/dd/yyyy)		U.S. Social Security Number		Employee's Email Address		Employee's Telephone Number
I am aware that federal law provides for imprisonment and/or fines for false statements, or the use of false documents, in connection with the completion of this form. I attest, under penalty of perjury, that this information, including my selection of the box attesting to my citizenship or immigration status, is true and correct.		Check one of the following boxes to attest to your citizenship or immigration status (See page 2 and 3 of the instructions.):				
		<input type="checkbox"/> 1. A citizen of the United States				
		<input type="checkbox"/> 2. A noncitizen national of the United States (See Instructions.)				
		<input type="checkbox"/> 3. A lawful permanent resident (Enter USCIS or A-Number.)				
<input type="checkbox"/> 4. A noncitizen (other than Item Numbers 2. and 3. above) authorized to work until (exp. date, if any) _____						
If you check Item Number 4. , enter one of these:						
USCIS A-Number		OR	Form I-94 Admission Number		OR	Foreign Passport Number and Country of Issuance
Signature of Employee					Today's Date (mm/dd/yyyy)	

If a preparer and/or translator assisted you in completing Section 1, that person **MUST** complete the [Preparer and/or Translator Certification](#) on Page 3.

Section 2. Employer Review and Verification: Employers or their authorized representative must complete and sign Section 2 within three business days after the employee's first day of employment, and must physically examine, or examine consistent with an alternative procedure authorized by the Secretary of DHS, documentation from List A OR a combination of documentation from List B and List C. Enter any additional documentation in the Additional Information box; see Instructions.

List A	OR	List B	AND	List C
Document Title 1				
Issuing Authority				
Document Number (if any)				
Expiration Date (if any)				
Document Title 2 (if any)		Additional Information		
Issuing Authority				
Document Number (if any)				
Expiration Date (if any)				
Document Title 3 (if any)				
Issuing Authority				
Document Number (if any)				
Expiration Date (if any)				
<input type="checkbox"/> Check here if you used an alternative procedure authorized by DHS to examine documents.				

Certification: I attest, under penalty of perjury, that (1) I have examined the documentation presented by the above-named employee, (2) the above-listed documentation appears to be genuine and to relate to the employee named, and (3) to the best of my knowledge, the employee is authorized to work in the United States.		First Day of Employment (mm/dd/yyyy):	
Last Name, First Name and Title of Employer or Authorized Representative		Signature of Employer or Authorized Representative	
		Today's Date (mm/dd/yyyy)	
Employer's Business or Organization Name		Employer's Business or Organization Address, City or Town, State, ZIP Code	

For reverification or rehire, complete [Supplement B, Reverification and Rehire](#) on Page 4.

LISTS OF ACCEPTABLE DOCUMENTS

All documents containing an expiration date must be unexpired.

* Documents extended by the issuing authority are considered unexpired.

Employees may present one selection from List A or a combination of one selection from List B and one selection from List C.

Examples of many of these documents appear in the Handbook for Employers (M-274).

LIST A Documents that Establish Both Identity and Employment Authorization	OR	LIST B Documents that Establish Identity	AND	LIST C Documents that Establish Employment Authorization
<ol style="list-style-type: none"> 1. U.S. Passport or U.S. Passport Card 2. Permanent Resident Card or Alien Registration Receipt Card (Form I-551) 3. Foreign passport that contains a temporary I-551 stamp or temporary I-551 printed notation on a machine-readable immigrant visa 4. Employment Authorization Document that contains a photograph (Form I-766) 5. For an individual temporarily authorized to work for a specific employer because of his or her status or parole: <ol style="list-style-type: none"> a. Foreign passport; and b. Form I-94 or Form I-94A that has the following: <ol style="list-style-type: none"> (1) The same name as the passport; and (2) An endorsement of the individual's status or parole as long as that period of endorsement has not yet expired and the proposed employment is not in conflict with any restrictions or limitations identified on the form. 6. Passport from the Federated States of Micronesia (FSM) or the Republic of the Marshall Islands (RMI) with Form I-94 or Form I-94A indicating nonimmigrant admission under the Compact of Free Association Between the United States and the FSM or RMI 	OR	<ol style="list-style-type: none"> 1. Driver's license or ID card issued by a State or outlying possession of the United States provided it contains a photograph or information such as name, date of birth, gender, height, eye color, and address 2. ID card issued by federal, state or local government agencies or entities, provided it contains a photograph or information such as name, date of birth, gender, height, eye color, and address 3. School ID card with a photograph 4. Voter's registration card 5. U.S. Military card or draft record 6. Military dependent's ID card 7. U.S. Coast Guard Merchant Mariner Card 8. Native American tribal document 9. Driver's license issued by a Canadian government authority <li style="text-align: center;">For persons under age 18 who are unable to present a document listed above: 10. School record or report card 11. Clinic, doctor, or hospital record 12. Day-care or nursery school record 	AND	<ol style="list-style-type: none"> 1. A Social Security Account Number card, unless the card includes one of the following restrictions: <ol style="list-style-type: none"> (1) NOT VALID FOR EMPLOYMENT (2) VALID FOR WORK ONLY WITH INS AUTHORIZATION (3) VALID FOR WORK ONLY WITH DHS AUTHORIZATION 2. Certification of report of birth issued by the Department of State (Forms DS-1350, FS-545, FS-240) 3. Original or certified copy of birth certificate issued by a State, county, municipal authority, or territory of the United States bearing an official seal 4. Native American tribal document 5. U.S. Citizen ID Card (Form I-197) 6. Identification Card for Use of Resident Citizen in the United States (Form I-179) 7. Employment authorization document issued by the Department of Homeland Security <p style="margin-left: 20px;">For examples, see Section 7 and Section 13 of the M-274 on uscis.gov/i-9-central.</p> <p style="margin-left: 20px;">The Form I-766, Employment Authorization Document, is a List A, Item Number 4. document, not a List C document.</p>
<p>Acceptable Receipts</p> <p>May be presented in lieu of a document listed above for a temporary period.</p> <p>For receipt validity dates, see the M-274.</p>				
<ul style="list-style-type: none"> • Receipt for a replacement of a lost, stolen, or damaged List A document. • Form I-94 issued to a lawful permanent resident that contains an I-551 stamp and a photograph of the individual. • Form I-94 with "RE" notation or refugee stamp issued to a refugee. 	OR	<p>Receipt for a replacement of a lost, stolen, or damaged List B document.</p>	AND	<p>Receipt for a replacement of a lost, stolen, or damaged List C document.</p>

*Refer to the Employment Authorization Extensions page on [I-9 Central](#) for more information.



**Supplement A,
Preparer and/or Translator Certification for Section 1**

Department of Homeland Security
U.S. Citizenship and Immigration Services

**USCIS
Form I-9
Supplement A**
OMB No. 1615-0047
Expires 05/31/2027

Last Name (<i>Family Name</i>) from Section 1.	First Name (<i>Given Name</i>) from Section 1.	Middle initial (if any) from Section 1.
--	--	---

Instructions: This supplement must be completed by any preparer and/or translator who assists an employee in completing Section 1 of Form I-9. The preparer and/or translator must enter the employee's name in the spaces provided above. Each preparer or translator must complete, sign, and date a separate certification area. Employers must retain completed supplement sheets with the employee's completed Form I-9.

I attest, under penalty of perjury, that I have assisted in the completion of Section 1 of this form and that to the best of my knowledge the information is true and correct.

Signature of Preparer or Translator		Date (<i>mm/dd/yyyy</i>)	
Last Name (<i>Family Name</i>)	First Name (<i>Given Name</i>)		Middle Initial (<i>if any</i>)
Address (<i>Street Number and Name</i>)	City or Town	State <input type="text" value=""/>	ZIP Code

I attest, under penalty of perjury, that I have assisted in the completion of Section 1 of this form and that to the best of my knowledge the information is true and correct.

Signature of Preparer or Translator		Date (<i>mm/dd/yyyy</i>)	
Last Name (<i>Family Name</i>)	First Name (<i>Given Name</i>)		Middle Initial (<i>if any</i>)
Address (<i>Street Number and Name</i>)	City or Town	State <input type="text" value=""/>	ZIP Code

I attest, under penalty of perjury, that I have assisted in the completion of Section 1 of this form and that to the best of my knowledge the information is true and correct.

Signature of Preparer or Translator		Date (<i>mm/dd/yyyy</i>)	
Last Name (<i>Family Name</i>)	First Name (<i>Given Name</i>)		Middle Initial (<i>if any</i>)
Address (<i>Street Number and Name</i>)	City or Town	State <input type="text" value=""/>	ZIP Code

I attest, under penalty of perjury, that I have assisted in the completion of Section 1 of this form and that to the best of my knowledge the information is true and correct.

Signature of Preparer or Translator		Date (<i>mm/dd/yyyy</i>)	
Last Name (<i>Family Name</i>)	First Name (<i>Given Name</i>)		Middle Initial (<i>if any</i>)
Address (<i>Street Number and Name</i>)	City or Town	State <input type="text" value=""/>	ZIP Code



Supplement B, Reverification and Rehire (formerly Section 3)

Department of Homeland Security
U.S. Citizenship and Immigration Services

USCIS
Form I-9
Supplement B
OMB No. 1615-0047
Expires 05/31/2027

Last Name (Family Name) from Section 1.	First Name (Given Name) from Section 1.	Middle initial (if any) from Section 1.
---	---	---

Instructions: This supplement replaces Section 3 on the previous version of Form I-9. Only use this page if your employee requires reverification, is rehired within three years of the date the original Form I-9 was completed, or provides proof of a legal name change. Enter the employee's name in the fields above. Use a new section for each reverification or rehire. Review the Form I-9 instructions before completing this page. Keep this page as part of the employee's Form I-9 record. Additional guidance can be found in the [Handbook for Employers: Guidance for Completing Form I-9 \(M-274\)](#)

<i>Date of Rehire (if applicable)</i>	<i>New Name (if applicable)</i>		
Date (mm/dd/yyyy)	Last Name (Family Name)	First Name (Given Name)	Middle Initial

Reverification: If the employee requires reverification, your employee can choose to present any acceptable List A or List C documentation to show continued employment authorization. Enter the document information in the spaces below.

Document Title	Document Number (if any)	Expiration Date (if any) (mm/dd/yyyy)
----------------	--------------------------	---------------------------------------

I attest, under penalty of perjury, that to the best of my knowledge, this employee is authorized to work in the United States, and if the employee presented documentation, the documentation I examined appears to be genuine and to relate to the individual who presented it.

Name of Employer or Authorized Representative	Signature of Employer or Authorized Representative	Today's Date (mm/dd/yyyy)
---	--	---------------------------

Additional Information (Initial and date each notation.)

Check here if you used an alternative procedure authorized by DHS to examine documents.

<i>Date of Rehire (if applicable)</i>	<i>New Name (if applicable)</i>		
Date (mm/dd/yyyy)	Last Name (Family Name)	First Name (Given Name)	Middle Initial

Reverification: If the employee requires reverification, your employee can choose to present any acceptable List A or List C documentation to show continued employment authorization. Enter the document information in the spaces below.

Document Title	Document Number (if any)	Expiration Date (if any) (mm/dd/yyyy)
----------------	--------------------------	---------------------------------------

I attest, under penalty of perjury, that to the best of my knowledge, this employee is authorized to work in the United States, and if the employee presented documentation, the documentation I examined appears to be genuine and to relate to the individual who presented it.

Name of Employer or Authorized Representative	Signature of Employer or Authorized Representative	Today's Date (mm/dd/yyyy)
---	--	---------------------------

Additional Information (Initial and date each notation.)

Check here if you used an alternative procedure authorized by DHS to examine documents.

<i>Date of Rehire (if applicable)</i>	<i>New Name (if applicable)</i>		
Date (mm/dd/yyyy)	Last Name (Family Name)	First Name (Given Name)	Middle Initial

Reverification: If the employee requires reverification, your employee can choose to present any acceptable List A or List C documentation to show continued employment authorization. Enter the document information in the spaces below.

Document Title	Document Number (if any)	Expiration Date (if any) (mm/dd/yyyy)
----------------	--------------------------	---------------------------------------

I attest, under penalty of perjury, that to the best of my knowledge, this employee is authorized to work in the United States, and if the employee presented documentation, the documentation I examined appears to be genuine and to relate to the individual who presented it.

Name of Employer or Authorized Representative	Signature of Employer or Authorized Representative	Today's Date (mm/dd/yyyy)
---	--	---------------------------

Additional Information (Initial and date each notation.)

Check here if you used an alternative procedure authorized by DHS to examine documents.



Instructions for Form I-9, Employment Eligibility Verification

Department of Homeland Security
U.S. Citizenship and Immigration Services

USCIS
Form I-9
OMB No. 1615-0047
Expires 05/31/2027

Anti-Discrimination Notice: Employers must allow all employees to choose which acceptable documentation to present for Form I-9. Employers cannot ask employees for documentation to verify information entered in **Section 1**, or specify which acceptable documentation employees must present for **Section 2** or **Supplement B, Reverification and Rehire**. Employees do NOT need to prove their citizenship, immigration status, or national origin when establishing their employment authorization for Form I-9 or E-Verify. Requesting such proof or any specific document from employees based on their citizenship, immigration status, or national origin, may be illegal. Similarly, discriminating against employees in hiring, firing, recruitment, or referral for a fee, based on citizenship, immigration status, or national origin may be illegal. Employers should not reject acceptable documentation due to a future expiration date. For more information on how to avoid discrimination or how to report it, contact the Immigrant and Employee Rights Section in the Department of Justice's Civil Rights Division at www.justice.gov/ier.

Purpose of Form I-9

Employers and employees must complete their respective sections of Form I-9. The form is used to document verification of the identity and employment authorization of each new employee (both U.S. citizen and noncitizen) hired after November 6, 1986, to work in the United States. In the Commonwealth of the Northern Mariana Islands (CNMI), employers must complete Form I-9 to document the verification of the identity and employment authorization of each new employee (both U.S. citizen and noncitizen) hired after November 27, 2011.

Definitions

Employee: A person who performs labor or services in the United States for an employer in return for wages or other remuneration. The term “employee” does not include individuals who do not receive any form of remuneration (e.g., volunteers), independent contractors, or those engaged in certain casual domestic employment.

Employer: A person or entity, including an agent or anyone acting directly or indirectly in the interest thereof, who engages the services or labor of an employee to be performed in the United States for wages or other remuneration. This includes recruiters and referrers for a fee who are agricultural associations, agricultural employers, or farm labor contractors.

Authorized Representative: Any person an employer designates to complete and sign Form I-9 on the employer's behalf. Employers are liable for any statutory and regulatory violations made in connection with the form or the verification process, including any violations committed by any individual designated to act on the employer's behalf.

Preparer and/or Translator: Any individual who helps the employee complete or translates **Section 1** for the employee.

General Instructions

Form I-9 consists of:

- **Section 1:** Employee Information and Attestation
- **Section 2:** Employer Review and Verification
- Lists of Acceptable Documents
- Supplement A, Preparer and/or Translator Certification for Section 1
- Supplement B, Reverification and Rehire (formerly Section 3)

EMPLOYEES

Employees must complete and sign **Section 1** of Form I-9 no later than the first day of employment (i.e., the date the employee begins performing labor or services in the United States in return for wages or other remuneration). Employees may complete **Section 1** before the first day of employment, but cannot complete the form before acceptance of an offer of employment.

EMPLOYERS

Employers in the United States, except Puerto Rico, must complete the English-language version of Form I-9. Only employers located in Puerto Rico may complete the Spanish-language version of Form I-9 instead of the English-language version. Any employer may use the Spanish-language form and instructions as a translation tool.

All employers must:

- Make the instructions for Form I-9 and Lists of Acceptable Documents available to the employee when completing the Form I-9 and when requesting that the employee present documentation to complete Supplement B, Reverification and Rehire. See page 5 for more information.
- Ensure that the employee completes **Section 1**.
- Complete **Section 2** within three business days after the employee's first day of employment. If you hire an individual for less than three business days, complete **Section 2** no later than the first day of employment.
- Complete Supplement B, Reverification and Rehire when applicable.
- Leave a field blank if it does not apply and allow employees to leave fields blank in **Section 1**, where appropriate.
- Retain completed forms. You are not required to retain or store the page(s) containing the Lists of Acceptable Documents or the instructions for Form I-9. Do not mail completed forms to U.S. Citizenship and Immigration Services (USCIS) or Immigration and Customs Enforcement (ICE).

Additional guidance about how to complete Form I-9 may be found in the [Handbook for Employers: Guidance for Completing Form I-9 \(M-274\)](#) and on [I-9 Central](#).

Section 1: Employee Information and Attestation

Step 1: Employee completes Section 1 no later than the first day of employment.

- All employees must provide their current legal name, complete address, and date of birth. If other fields do not apply, leave them blank.
- When completing the name fields, enter your current legal name and any last names you previously used, including any hyphens or punctuation. If you only have one name, enter it in the Last Name field and then enter "Unknown" in the First Name field.
- Providing your 9-digit Social Security number in the Social Security number field is voluntary, unless your employer participates in E-Verify. See page 5 for instructions related to E-Verify. Do not enter an Individual Taxpayer Identification Number (ITIN) as your Social Security number.

Step 2: Attest to your citizenship or immigration status.

You must select one box to attest to your citizenship or immigration status.

- 1. A citizen of the United States.**
- 2. A noncitizen national of the United States:** An individual born in American Samoa, certain former citizens of the former Trust Territory of the Pacific Islands, and certain children of noncitizen nationals born abroad.
- 3. A lawful permanent resident:** An individual who is not a U.S. citizen and who resides in the United States under legally recognized and lawfully recorded permanent residence as an immigrant.

Conditional residents should select this status. Asylees and refugees should NOT select this status; they should instead select "A noncitizen authorized to work." If you select "lawful permanent resident," enter your 7- to 9-digit USCIS Number (A-Number) in the space provided.

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- 4. A noncitizen (other than Item Numbers 2. and 3. above) authorized to work:** An individual who has authorization to work but is not a U.S. citizen, noncitizen national, or lawful permanent resident.

If you select this box, enter the date that your employment authorization expires, if any, in the space provided. In most cases, your employment authorization expiration date is found on the documentation evidencing your employment authorization. If your employment authorization documentation has been automatically extended by the issuing authority, enter the expiration date of the automatic extension in this space.

- Refugees, asylees, and certain citizens of the Federated States of Micronesia, the Republic of the Marshall Islands, or Palau, and other noncitizens authorized to work whose employment authorization does not have an expiration date, should enter N/A in the Expiration Date field.

Employees who select "a noncitizen authorized to work" must enter **one** of the following to complete **Section 1**:

- (1) **USCIS Number/A-Number** (7 to 9 digits);
- (2) **Form I-94 Admission Number** (11 digits); or
- (3) **Foreign Passport Number and the Country of Issuance**

Your employer may not ask for documentation to verify the information you entered in **Section 1**.

Step 3: Sign and enter the date you signed Section 1. Do NOT back-date this field.

Step 4: Preparer and/or translator completes a Preparer and/or Translator Certification, if applicable.

If a preparer and/or translator assists an employee in completing Section 1, that person must complete a Certification area on Supplement A, Preparer and/or Translator Certification for Section 1, located on Page 3 of Form I-9. There is no limit to the number of preparers and/or translators an employee may use. Each preparer and/or translator must complete and sign a separate Certification area. Employers must ensure that they retain any additional pages with the employee's completed Form I-9. If the employee does not use a preparer or translator, employers are not required to provide or retain Supplement A.

Step 5: Present Form I-9 Documentation

Within three business days after your first day of employment, you, the employee, must present to your employer original, acceptable, and unexpired documentation that establishes your identity and employment authorization. For example, if you begin employment on Monday, you must present documentation on or before the Thursday of that week. However, if you were hired to work for less than three business days, you must present documentation no later than the first day of employment.

Choose which documentation to present to your employer from the Lists of Acceptable Documents. An employer cannot specify which documentation you may present from the Lists of Acceptable Documents. You may present either: 1.) one selection from List A or 2.) a combination of one selection from List B and one selection from List C. In certain cases, you may also present an acceptable receipt for List A, B, or C documents. For more information on receipts, refer to the M-274.

- List A documentations show both identity and employment authorization. Some documentation must be presented together to be considered acceptable List A documentation. If you present acceptable List A documentation, you should not be asked to present List B and List C documentation.
- List B documentation shows identity only and List C documentation shows employment authorization only. If you present acceptable List B and List C documentation, you should not be asked to present List A documentation. Guidance is available in the M-274 if you are under the age of 18 or have a disability (special placement) and cannot provide List B documentation.

Your employer must physically examine the documentation you present to complete Form I-9, or examine them consistent with an alternative procedure authorized by the Secretary of DHS. If your documentation reasonably appears to be genuine and to relate to you, your employer must accept the documentation. If your documentation does not reasonably appear to be genuine or to relate to you, your employer must reject it and provide you with an opportunity to present other documentation. Your employer may choose to make copies of your documentation, but must return the original(s) to you. Your employer may not ask for documentation to verify the information you entered in **Section 1**.

Section 2: Employer Review and Verification

Before completing **Section 2**, you, the employer, should review **Section 1**. If you find any errors or missing information in **Section 1**, the employee must correct the error, and then initial and date the correction.

You may designate an authorized representative to act on your behalf to complete **Section 2**.

You or your authorized representative must complete **Section 2** by physically examining evidence of the employee's identity and employment authorization within three business days after the employee's first day of employment. For example, if an employee begins employment on Monday, you must review the employee's documentation and complete **Section 2** on or before the Thursday of that week. However, if the individual will work for less than three business days, **Section 2** must be completed no later than the first day of employment.

Step 1: Enter information from the documentation the employee presents.

You, the employer or authorized representative, must either physically examine, or examine consistent with an alternative procedure authorized by the Secretary of DHS, the original, acceptable, and unexpired documentation the employee presents from the Lists of Acceptable Documents to complete the applicable document fields in **Section 2**. You cannot specify which documentation an employee may present from these Lists of Acceptable Documents. A document is acceptable if it reasonably appears to be genuine and to relate to the person presenting it. Photocopies, except for certified copies of birth certificates, are not acceptable for Form I-9. Employees must present one selection from List A or a combination of one selection from List B and one selection from List C.

You may use common abbreviations for states, document titles, or issuing authorities, such as: “DL” for driver's license, and “SSA” for Social Security Administration. Refer to the M-274 for abbreviation suggestions.

List A documentation shows both identity and employment authorization.

- Enter the required information from the List A documentation in the first set of document entry fields in the List A column. Some List A documentation consists of a combination of documents that must be presented together to be considered acceptable List A documentation. If the employee presents a combination of documents for List A, use the second and third sets of document entry fields in the List A column. Use the Additional Information space, as necessary, for additional documents. When entering document information in this space, ensure you record all available document information, such as the document title, issuing authority, document number and expiration date.
- If an employee presents acceptable List A documentation, do not ask the employee to present List B and List C documentation.

List B documentation shows identity only, and List C documentation shows employment authorization only.

- If an employee presents acceptable List B and List C documentation, enter the required information from the documentation under each corresponding column and do not ask the employee to present List A documentation.
- If an employee under the age of 18 or with disabilities (special placement) cannot provide List B documentation, see the M-274 for guidance.

In certain cases, the employee may present an acceptable receipt for List A, B, or C documentation. For more information on receipts, refer to the Lists of Acceptable Documents and the M-274.

Photocopies

- You may make photocopies of the documentation examined but must return the original documentation to the employee.
- You must retain any photocopies you make with Form I-9 in case of an inspection by DHS, the Department of Labor, or the Department of Justice, Civil Rights Division, Immigrant and Employee Rights Section.

Step 2: Enter additional information, if necessary.

Use the Additional Information field to record any additional information required to complete **Section 2**, or any updates that are necessary once **Section 2** is complete. Initial and date each additional notation. See the M-274 for more information. Such notations include, but are not limited to:

-
- Those required by DHS, such as extensions of employment authorization or a document's expiration date.
 - Replacement document information if a receipt was previously presented.
 - Additional documentation that may be presented by certain nonimmigrant employees.

You may also enter optional information, such as termination dates, form retention dates, and E-Verify case numbers, if applicable.

Step 3: Select the box in the Additional Information area if you used an alternate procedure for document examination authorized by the Secretary of DHS.

You must select this box if you used an alternative procedure authorized by DHS to examine the documents. You may refer to the M-274 for guidance on implementing alternative procedures for document examination approved by the Secretary of DHS.

Step 4: Complete the employer certification.

Employers or their authorized representatives, if applicable, must complete all applicable fields in this area, and sign and date where indicated.

Reverification and Rehire

To reverify an employee's work authorization or document an employee's rehire, use Supplement B, Reverification and Rehire (formerly Section 3). Employers need only complete and retain the supplement page when employment authorization reverification is required. Employers may choose to document a rehire on the supplement as well. Enter the employee's name at the top of each supplement page you use. In the New Name field, record any change the employee reports at the time of reverification or rehire. Use a new section of the supplement for each instance of a reverification or rehire, sign and date that section when completed, and attach it to the employee's completed Form I-9. Use additional supplement pages as necessary. Use the Additional Information fields if the employee's documentation presented for reverification requires future updates.

Reverifications

When reverification is required, you must reverify the employee by the earlier of the employment authorization expiration date stated in Section 1 (if any), or the expiration date of the List A or List C employment authorization documentation recorded in Section 2. Employers should complete any subsequent reverifications, if required, by the expiration date of the List A or List C documentation entered during the employee's most recent reverification.

For reverification, employees must present acceptable documentation from either List A or List C showing their continuing authorization to work in the United States. You must allow employees to choose which acceptable documentation to present for reverification. Employees are not required to show the same type of document they presented previously. Enter the documentation information in the appropriate fields provided.

You should not reverify the employment authorization of U.S. citizens and noncitizen nationals, or lawful permanent residents (including conditional residents) who presented a Permanent Resident Card (Form I-551) or other employment authorization documentation that is not subject to reverification (such as an unrestricted Social Security card).

Reverification does not apply to List B documentation. Reverification may not apply to certain noncitizens. See the M-274 for more information about when reverification may not be required.

Rehires

If you rehire an employee within three years from the date the employee's Form I-9 was first completed, you may complete the supplement and attach it to the employee's previously completed Form I-9. If the employee remains employment-authorized, as indicated on the previously completed Form I-9, record the date of rehire and any name changes. If the employee's employment authorization or List A or C documents have expired, you must reverify the employee as described above.

Alternatively, you may complete a new Form I-9 for rehired employees. You must complete a new Form I-9 for any employee you rehired more than three years after you originally completed a Form I-9 for that employee.

Employee and Employer Instructions Related E-Verify

E-Verify uses Form I-9 information to confirm employees' employment eligibility. For more information, go to www.e-verify.gov or contact us at www.e-verify.gov/contact-us.

For employees of employers who participate in E-Verify:

- You must provide your Social Security number in the Social Security number field in **Section 1**.
 - If you have applied for, but have not yet received, your Social Security number, you should leave the field blank until you receive the number. Update this field once you receive it, and initial and date the notation.
 - If you can present acceptable identity and employment authorization documentation to complete Form I-9, you may begin working while waiting to receive your Social Security number.
- Providing your email address and telephone number in **Section 1** will allow you to receive notifications associated with your E-Verify case.
- If you present a List B document to your employer, it must contain a photograph.

For E-Verify employers:

- Ensure employees enter their Social Security number in **Section 1**.
- You must only accept List B documentation that contains a photograph. This applies to individuals under the age of 18 and individuals with disabilities.
- You must retain photocopies of certain documentation.

What is the Filing Fee?

There is no fee for completing Form I-9. This form is not filed with USCIS or any other government agency. Form I-9 must be retained by the employer and made available for inspection by U.S. Government officials as specified in the “DHS Privacy Notice” below.

USCIS Forms and Information

Employers may photocopy or print blank Forms I-9. To ensure you are using the latest version of this form and corresponding instructions, visit the USCIS website at www.uscis.gov/i-9. You may order paper forms at www.uscis.gov/forms/forms-by-mail or by contacting the USCIS Contact Center at **1-800-375-5283** or **1-800-767-1833** (TTY).

For additional guidance about Form I-9, employers and employees should refer to the [Handbook for Employers: Guidance for Completing Form I-9 \(M-274\)](#) or USCIS' Form I-9 website at www.uscis.gov/i-9-central.

You can obtain information about Form I-9 by e-mailing USCIS at I-9Central@uscis.dhs.gov. Employers may call **1-888-464-4218** or **1-877-875-6028** (TTY). Employees may call the USCIS employee hotline at **1-888-897-7781** or **1-877-875-6028** (TTY).

Retaining Completed Forms I-9

An employer must retain Form I-9, including any supplement pages, on which the employee and employer (or authorized representative) entered data, as well as any photocopies made of the documentation the employee presented, for as long as the employee works for the employer. When employment ends, the employer must retain the individual's Form I-9 and all attachments for one year from the date employment ends, or three years after the first day of employment, whichever is later. In the case of recruiters or referrers for a fee (only applicable to those that are agricultural associations, agricultural employers, or farm labor contractors), the retention period is three years after the first day of employment.

Completed Forms I-9 and all accompanying documents should be stored in a safe and secure location. Employers should ensure that the information employees provide on Form I-9 is used only as stated in the DHS Privacy Notice below.

Form I-9 may be generated, signed, and retained electronically, in compliance with Department of Homeland Security regulations at 8 CFR section 274a.2. Employers creating, modifying, or storing Form I-9 electronically are encouraged to review these and any other relevant standards for electronic signature, and the indexing, security, and documentation of electronic Form I-9 data.

Penalties

Employers may be subject to penalties if Form I-9 is not properly completed or for employment discrimination occurring during the employment eligibility verification process. See 8 U.S.C. section 1324a and section 1324b, 8 CFR section 274a.10 and 28 CFR Part 44. Individuals may also be prosecuted for knowingly and willfully entering false information, or for presenting fraudulent documentation, to complete Form I-9.

Employees: By signing **Section 1** of this form, employees attest under penalty of perjury (28 U.S.C. section 1746) that the information they provided, along with the citizenship or immigration status they select, and all information and documentation they provide to their employer, is true and correct, and they are aware that they may face penalties provided by law and may be subject to criminal prosecution for knowingly and willfully making false statements or using false documentation when completing this form. Further, falsely attesting to U.S. citizenship may subject employees to penalties or removal proceedings, and may adversely affect an employee's ability to seek future immigration benefits.

Employers: By signing **Sections 2 and 3**, as applicable, employers attest under penalty of perjury (28 U.S.C. section 1746) that they have physically examined the documentation presented by the employee, that the documentation reasonably appears to be genuine and to relate to the employee named, that to the best of their knowledge the employee is authorized to work in the United States, that the information they enter in **Section 2** is complete, true, and correct to the best of their knowledge, and that they are aware that they may face civil or criminal penalties provided by law and may be subject to criminal prosecution for knowingly and willfully making false statements or knowingly accepting false documentation when completing Form I-9.

DHS Privacy Notice

AUTHORITIES: The information requested on this form, and the associated documents, are collected under the Immigration Reform and Control Act of 1986, Pub. L. 99-603 (8 U.S.C. 1324a).

PURPOSE: The primary purpose for providing the requested information on this form is for employers to verify the identity and employment authorization of their employees. Consistent with the requirements of the Immigration Reform and Control Act of 1986, employers use the Form I-9 to document the verification of the identity and employment authorization for new employees to prevent the unlawful hiring, or recruiting or referring for a fee, of individuals who are not authorized to work in the United States. This form is completed by both the employer and the employee and is ultimately retained by the employer.

DISCLOSURE: The information employees provide is voluntary. However, failure to provide the requested information, and acceptable documentation evidencing identity and authorization to work in the United States, may result in termination of employment. Failure of the employer to ensure proper completion of this form may result in the imposition of civil or criminal penalties against the employer. In addition, knowingly employing individuals who are not authorized to work in the United States may subject the employer to civil and/or criminal penalties.

ROUTINE USES: This information will be used by employers as a record of their basis for determining eligibility of an individual to work in the United States. The employer must retain this completed form and make it available for inspection by authorized officials of the Department of Homeland Security, Department of Labor, and Department of Justice, Civil Rights Division, Immigrant and Employee Rights Section. DHS may also share this information, as appropriate, for law enforcement purposes or in the interest of national security.

Paperwork Reduction Act

An agency may not conduct or sponsor an information collection and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number. The public reporting burden for this collection of information is estimated at 34 minutes per response, when completing the form manually, and 25 minutes per response when using a computer to aid in completion of the form, including the time for reviewing instructions and completing and retaining the form. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to: U.S. Citizenship and Immigration Services, Office of Policy and Strategy, Regulatory Coordination Division, 5900 Capital Gateway Drive, Mail Stop Number 2140, Camp Springs, MD 20588-0009; OMB No. 1615-0047. **Do not mail your completed Form I-9 to this address.**

Employee's Withholding Certificate

Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay.

Give Form W-4 to your employer.

Your withholding is subject to review by the IRS.

Step 1: Enter Personal Information	(a) First name and middle initial	Last name	(b) Social security number
	Address		Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to www.ssa.gov .
	City or town, state, and ZIP code		
	(c) <input type="checkbox"/> Single or Married filing separately <input type="checkbox"/> Married filing jointly or Qualifying surviving spouse <input type="checkbox"/> Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)		

Complete Steps 2-4 ONLY if they apply to you; otherwise, skip to Step 5. See page 2 for more information on each step, who can claim exemption from withholding, and when to use the estimator at www.irs.gov/W4App.

Step 2: Multiple Jobs or Spouse Works

Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs. Do **only one** of the following.

(a) Use the estimator at www.irs.gov/W4App for most accurate withholding for this step (and Steps 3-4). If you or your spouse have self-employment income, use this option; **or**

(b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below; **or**

(c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is generally more accurate than (b) if pay at the lower paying job is more than half of the pay at the higher paying job. Otherwise, (b) is more accurate

Complete Steps 3-4(b) on Form W-4 for only ONE of these jobs. Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3-4(b) on the Form W-4 for the highest paying job.)

Step 3: Claim Dependent and Other Credits	If your total income will be \$200,000 or less (\$400,000 or less if married filing jointly): Multiply the number of qualifying children under age 17 by \$2,000 \$ _____ Multiply the number of other dependents by \$500 \$ _____ Add the amounts above for qualifying children and other dependents. You may add to this the amount of any other credits. Enter the total here	3	\$
Step 4 (optional): Other Adjustments	(a) Other income (not from jobs). If you want tax withheld for other income you expect this year that won't have withholding, enter the amount of other income here. This may include interest, dividends, and retirement income	4(a)	\$
	(b) Deductions. If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here	4(b)	\$
	(c) Extra withholding. Enter any additional tax you want withheld each pay period	4(c)	\$

Step 5: Sign Here	Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.		
	Employee's signature (This form is not valid unless you sign it.)	Date	

Employers Only	Employer's name and address	First date of employment	Employer identification number (EIN)
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must obtain your correct taxpayer identification number (TIN), which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid).
- Form 1099-DIV (dividends, including those from stocks or mutual funds).
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds).
- Form 1099-NEC (nonemployee compensation).
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers).
- Form 1099-S (proceeds from real estate transactions).
- Form 1099-K (merchant card and third-party network transactions).
- Form 1098 (home mortgage interest), 1098-E (student loan interest), and 1098-T (tuition).
- Form 1099-C (canceled debt).
- Form 1099-A (acquisition or abandonment of secured property).

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

Caution: If you don't return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See *What is backup withholding*, later.

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued);
2. Certify that you are not subject to backup withholding; or
3. Claim exemption from backup withholding if you are a U.S. exempt payee; and
4. Certify to your non-foreign status for purposes of withholding under chapter 3 or 4 of the Code (if applicable); and
5. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting is correct. See *What Is FATCA Reporting*, later, for further information.

Note: If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien;
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;
- An estate (other than a foreign estate); or
- A domestic trust (as defined in Regulations section 301.7701-7).

Establishing U.S. status for purposes of chapter 3 and chapter 4 withholding. Payments made to foreign persons, including certain distributions, allocations of income, or transfers of sales proceeds, may be subject to withholding under chapter 3 or chapter 4 of the Code (sections 1441-1474). Under those rules, if a Form W-9 or other certification of non-foreign status has not been received, a withholding agent, transferee, or partnership (payor) generally applies presumption rules that may require the payor to withhold applicable tax from the recipient, owner, transferor, or partner (payee). See Pub. 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*.

The following persons must provide Form W-9 to the payor for purposes of establishing its non-foreign status.

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the disregarded entity.
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the grantor trust.
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust and not the beneficiaries of the trust.

See Pub. 515 for more information on providing a Form W-9 or a certification of non-foreign status to avoid withholding.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person (under Regulations section 1.1441-1(b)(2)(iv) or other applicable section for chapter 3 or 4 purposes), do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Pub. 515). If you are a qualified foreign pension fund under Regulations section 1.897(l)-1(d), or a partnership that is wholly owned by qualified foreign pension funds, that is treated as a non-foreign person for purposes of section 1445 withholding, do not use Form W-9. Instead, use Form W-8EXP (or other certification of non-foreign status).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a saving clause. Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items.

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if their stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first Protocol) and is relying on this exception to claim an exemption from tax on their scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

Backup Withholding

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 24% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include, but are not limited to, interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third-party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester;
2. You do not certify your TIN when required (see the instructions for Part II for details);
3. The IRS tells the requester that you furnished an incorrect TIN;
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only); or
5. You do not certify to the requester that you are not subject to backup withholding, as described in item 4 under "*By signing the filled-out form*" above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code*, later, and the separate Instructions for the Requester of Form W-9 for more information.

See also *Establishing U.S. status for purposes of chapter 3 and chapter 4 withholding*, earlier.

What Is FATCA Reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all U.S. account holders that are specified U.S. persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code*, later, and the Instructions for the Requester of Form W-9 for more information.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you are no longer tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Line 1

You must enter one of the following on this line; **do not** leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account (other than an account maintained by a foreign financial institution (FFI)), list first, and then circle, the name of the person or entity whose number you entered in Part 1 of Form W-9. If you are providing Form W-9 to an FFI to document a joint account, each holder of the account that is a U.S. person must provide a Form W-9.

- **Individual.** Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

Note for ITIN applicant: Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040 you filed with your application.

- **Sole proprietor.** Enter your individual name as shown on your Form 1040 on line 1. Enter your business, trade, or "doing business as" (DBA) name on line 2.

- **Partnership, C corporation, S corporation, or LLC, other than a disregarded entity.** Enter the entity's name as shown on the entity's tax return on line 1 and any business, trade, or DBA name on line 2.

- **Other entities.** Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. Enter any business, trade, or DBA name on line 2.

- **Disregarded entity.** In general, a business entity that has a single owner, including an LLC, and is not a corporation, is disregarded as an entity separate from its owner (a disregarded entity). See Regulations section 301.7701-2(c)(2). A disregarded entity should check the appropriate box for the tax classification of its owner. Enter the owner's name on line 1. The name of the owner entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For

example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on line 2. If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

Line 2

If you have a business name, trade name, DBA name, or disregarded entity name, enter it on line 2.

Line 3a

Check the appropriate box on line 3a for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box on line 3a.

IF the entity/individual on line 1 is a(n) . . .	THEN check the box for . . .
• Corporation	Corporation.
• Individual or • Sole proprietorship	Individual/sole proprietor.
• LLC classified as a partnership for U.S. federal tax purposes or • LLC that has filed Form 8832 or 2553 electing to be taxed as a corporation	Limited liability company and enter the appropriate tax classification: P = Partnership, C = C corporation, or S = S corporation.
• Partnership	Partnership.
• Trust/estate	Trust/estate.

Line 3b

Check this box if you are a partnership (including an LLC classified as a partnership for U.S. federal tax purposes), trust, or estate that has any foreign partners, owners, or beneficiaries, and you are providing this form to a partnership, trust, or estate, in which you have an ownership interest. You must check the box on line 3b if you receive a Form W-8 (or documentary evidence) from any partner, owner, or beneficiary establishing foreign status or if you receive a Form W-9 from any partner, owner, or beneficiary that has checked the box on line 3b.

Note: A partnership that provides a Form W-9 and checks box 3b may be required to complete Schedules K-2 and K-3 (Form 1065). For more information, see the Partnership Instructions for Schedules K-2 and K-3 (Form 1065).

If you are required to complete line 3b but fail to do so, you may not receive the information necessary to file a correct information return with the IRS or furnish a correct payee statement to your partners or beneficiaries. See, for example, sections 6698, 6722, and 6724 for penalties that may apply.

Line 4 Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space on line 4 any code(s) that may apply to you.

Exempt payee code.

- Generally, individuals (including sole proprietors) are not exempt from backup withholding.
- Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.
- Corporations are not exempt from backup withholding for payments made in settlement of payment card or third-party network transactions.
- Corporations are not exempt from backup withholding with respect to attorneys' fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space on line 4.

1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2).

- 2—The United States or any of its agencies or instrumentalities.
- 3—A state, the District of Columbia, a U.S. commonwealth or territory, or any of their political subdivisions or instrumentalities.
- 4—A foreign government or any of its political subdivisions, agencies, or instrumentalities.
- 5—A corporation.
- 6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or territory.
- 7—A futures commission merchant registered with the Commodity Futures Trading Commission.
- 8—A real estate investment trust.
- 9—An entity registered at all times during the tax year under the Investment Company Act of 1940.
- 10—A common trust fund operated by a bank under section 584(a).
- 11—A financial institution as defined under section 581.
- 12—A middleman known in the investment community as a nominee or custodian.
- 13—A trust exempt from tax under section 664 or described in section 4947.

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for . . .	THEN the payment is exempt for . . .
• Interest and dividend payments	All exempt payees except for 7.
• Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
• Barter exchange transactions and patronage dividends	Exempt payees 1 through 4.
• Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 5. ²
• Payments made in settlement of payment card or third-party network transactions	Exempt payees 1 through 4.

¹ See Form 1099-MISC, Miscellaneous Information, and its instructions.

² However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with "Not Applicable" (or any similar indication) entered on the line for a FATCA exemption code.

A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37).

B—The United States or any of its agencies or instrumentalities.

C—A state, the District of Columbia, a U.S. commonwealth or territory, or any of their political subdivisions or instrumentalities.

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i).

E—A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(ii).

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state.

G—A real estate investment trust.

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940.

I—A common trust fund as defined in section 584(a).

J—A bank as defined in section 581.

K—A broker.

L—A trust exempt from tax under section 664 or described in section 4947(a)(1).

M—A tax-exempt trust under a section 403(b) plan or section 457(g) plan.

Note: You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

Line 5

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns. If this address differs from the one the requester already has on file, enter "NEW" at the top. If a new address is provided, there is still a chance the old address will be used until the payor changes your address in their records.

Line 6

Enter your city, state, and ZIP code.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have, and are not eligible to get, an SSN, your TIN is your IRS ITIN. Enter it in the entry space for the Social security number. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN.

If you are a single-member LLC that is disregarded as an entity separate from its owner, enter the owner's SSN (or EIN, if the owner has one). If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note: See *What Name and Number To Give the Requester*, later, for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at www.SSA.gov. You may also get this form by calling 800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/EIN. Go to www.irs.gov/Forms to view, download, or print Form W-7 and/or Form SS-4. Or, you can go to www.irs.gov/OrderForms to place an order and have Form W-7 and/or Form SS-4 mailed to you within 15 business days.

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and enter "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, you will generally have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note: Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon. See also *Establishing U.S. status for purposes of chapter 3 and chapter 4 withholding*, earlier, for when you may instead be subject to withholding under chapter 3 or 4 of the Code.

Caution: A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, 4, or 5 below indicates otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see *Exempt payee code*, earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third-party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), ABLE accounts (under section 529A), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account) other than an account maintained by an FFI	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Two or more U.S. persons (joint account maintained by an FFI)	Each holder of the account
4. Custodial account of a minor (Uniform Gift to Minors Act)	The minor ²
5. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ¹
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
6. Sole proprietorship or disregarded entity owned by an individual	The owner ³
7. Grantor trust filing under Optional Filing Method 1 (see Regulations section 1.671-4(b)(2)(i)(A)) ^{**}	The grantor ⁴

For this type of account:	Give name and EIN of:
8. Disregarded entity not owned by an individual	The owner
9. A valid trust, estate, or pension trust	Legal entity ⁴
10. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
11. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
12. Partnership or multi-member LLC	The partnership
13. A broker or registered nominee	The broker or nominee
14. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
15. Grantor trust filing Form 1041 or under the Optional Filing Method 2, requiring Form 1099 (see Regulations section 1.671-4(b)(2)(i)(B)) ^{**}	The trust

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name on line 1, and enter your business or DBA name, if any, on line 2. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴ List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

*** Note:** The grantor must also provide a Form W-9 to the trustee of the trust.

****** For more information on optional filing methods for grantor trusts, see the Instructions for Form 1041.

Note: If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records From Identity Theft

Identity theft occurs when someone uses your personal information, such as your name, SSN, or other identifying information, without your permission to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax return preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity, or a questionable credit report, contact the IRS Identity Theft Hotline at 800-908-4490 or submit Form 14039.

For more information, see Pub. 5027, Identity Theft Information for Taxpayers.

Victims of identity theft who are experiencing economic harm or a systemic problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 877-777-4778 or TTY/TDD 800-829-4059.

Protect yourself from suspicious emails or phishing schemes.

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration (TIGTA) at 800-366-4484. You can forward suspicious emails to the Federal Trade Commission at spam@uce.gov or report them at www.ftc.gov/complaint. You can contact the FTC at www.ftc.gov/idtheft or 877-IDTHEFT (877-438-4338). If you have been the victim of identity theft, see www.IdentityTheft.gov and Pub. 5027.

Go to www.irs.gov/IdentityTheft to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and territories for use in administering their laws. The information may also be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payors must generally withhold a percentage of taxable interest, dividends, and certain other payments to a payee who does not give a TIN to the payor. Certain penalties may also apply for providing false or fraudulent information.

Employer identification number (EIN) -

Name (not your trade name)

Trade name (if any)

Address
Number Street Suite or room number

City State ZIP code

Foreign country name Foreign province/country Foreign postal code

Report for this Quarter of 2024
 (Check one.)

1: January, February, March
 2: April, May, June
 3: July, August, September
 4: October, November, December

Go to www.irs.gov/Form941 for instructions and the latest information.

Read the separate instructions before you complete Form 941. Type or print within the boxes.

Part 1: Answer these questions for this quarter. Employers in American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, and Puerto Rico can skip lines 2 and 3, unless you have employees who are subject to U.S. income tax withholding.

1	Number of employees who received wages, tips, or other compensation for the pay period including: Mar. 12 (Quarter 1), June 12 (Quarter 2), Sept. 12 (Quarter 3), or Dec. 12 (Quarter 4)	1	<input type="text"/>
2	Wages, tips, and other compensation	2	<input type="text"/>
3	Federal income tax withheld from wages, tips, and other compensation	3	<input type="text"/>
4	If no wages, tips, and other compensation are subject to social security or Medicare tax	<input type="checkbox"/> Check here and go to line 6.	
		Column 1	Column 2
5a	Taxable social security wages	<input type="text"/> × 0.124 =	<input type="text"/>
5b	Taxable social security tips	<input type="text"/> × 0.124 =	<input type="text"/>
5c	Taxable Medicare wages & tips	<input type="text"/> × 0.029 =	<input type="text"/>
5d	Taxable wages & tips subject to Additional Medicare Tax withholding	<input type="text"/> × 0.009 =	<input type="text"/>
5e	Total social security and Medicare taxes. Add Column 2 from lines 5a, 5b, 5c, and 5d	5e	<input type="text"/>
5f	Section 3121(q) Notice and Demand—Tax due on unreported tips (see instructions)	5f	<input type="text"/>
6	Total taxes before adjustments. Add lines 3, 5e, and 5f	6	<input type="text"/>
7	Current quarter's adjustment for fractions of cents	7	<input type="text"/>
8	Current quarter's adjustment for sick pay	8	<input type="text"/>
9	Current quarter's adjustments for tips and group-term life insurance	9	<input type="text"/>
10	Total taxes after adjustments. Combine lines 6 through 9	10	<input type="text"/>
11	Qualified small business payroll tax credit for increasing research activities. Attach Form 8974	11	<input type="text"/>
12	Total taxes after adjustments and nonrefundable credits. Subtract line 11 from line 10	12	<input type="text"/>
13	Total deposits for this quarter, including overpayment applied from a prior quarter and overpayments applied from Form 941-X, 941-X (PR), or 944-X filed in the current quarter	13	<input type="text"/>
14	Balance due. If line 12 is more than line 13, enter the difference and see instructions	14	<input type="text"/>
15	Overpayment. If line 13 is more than line 12, enter the difference	<input type="text"/>	Check one: <input type="checkbox"/> Apply to next return. <input type="checkbox"/> Send a refund.

You MUST complete both pages of Form 941 and SIGN it.

Name (not your trade name)

Employer identification number (EIN)

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

If you're unsure about whether you're a monthly schedule depositor or a semiweekly schedule depositor, see section 11 of Pub. 15.

- 16 Check one: Line 12 on this return is less than \$2,500 or line 12 on the return for the prior quarter was less than \$2,500, and you didn't incur a \$100,000 next-day deposit obligation during the current quarter. If line 12 for the prior quarter was less than \$2,500 but line 12 on this return is \$100,000 or more, you must provide a record of your federal tax liability. If you're a monthly schedule depositor, complete the deposit schedule below; if you're a semiweekly schedule depositor, attach Schedule B (Form 941). Go to Part 3.
- You were a monthly schedule depositor for the entire quarter. Enter your tax liability for each month and total liability for the quarter, then go to Part 3.

Tax liability: Month 1 .

Month 2 .

Month 3 .

Total liability for quarter . Total must equal line 12.

- You were a semiweekly schedule depositor for any part of this quarter. Complete Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors, and attach it to Form 941. Go to Part 3.

Part 3: Tell us about your business. If a question does NOT apply to your business, leave it blank.

- 17 If your business has closed or you stopped paying wages Check here and enter the final date you paid wages / / ; also attach a statement to your return. See instructions.
- 18 If you're a seasonal employer and you don't have to file a return for every quarter of the year Check here.

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

Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the IRS? See the instructions for details.

Yes. Designee's name and phone number

Select a 5-digit personal identification number (PIN) to use when talking to the IRS.

No.

Part 5: Sign here. You MUST complete both pages of Form 941 and SIGN it.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign your name here

Print your name here

Print your title here

Date

/ /

Best daytime phone

Paid Preparer Use Only

Check if you're self-employed

Preparer's name

PTIN

Preparer's signature

Date

/ /

Firm's name (or yours if self-employed)

EIN

Address

Phone

City

State

ZIP code

Form 941-V, Payment Voucher

Purpose of Form

Complete Form 941-V if you're making a payment with Form 941. We will use the completed voucher to credit your payment more promptly and accurately, and to improve our service to you.

Making Payments With Form 941

To avoid a penalty, make your payment with Form 941 **only if**:

- Your total taxes after adjustments and nonrefundable credits (Form 941, line 12) for either the current quarter or the preceding quarter are less than \$2,500, you didn't incur a \$100,000 next-day deposit obligation during the current quarter, and you're paying in full with a timely filed return; or
- You're a monthly schedule depositor making a payment in accordance with the Accuracy of Deposits Rule. See section 11 of Pub. 15 for details. In this case, the amount of your payment may be \$2,500 or more.

Otherwise, you must make deposits by electronic funds transfer. See section 11 of Pub. 15 for deposit instructions. Don't use Form 941-V to make federal tax deposits.



Use Form 941-V when making any payment with Form 941. However, if you pay an amount with Form 941 that should've been deposited, you may be subject to a penalty. See Deposit Penalties in section 11 of Pub. 15.

Specific Instructions

Box 1 – Employer identification number (EIN). If you don't have an EIN, you may apply for one online by going to www.irs.gov/EIN. You may also apply for an EIN by faxing or mailing Form SS-4 to the IRS. If you haven't received your EIN by the due date of Form 941, write "Applied For" and the date you applied in this entry space.

Box 2 – Amount paid. Enter the amount paid with Form 941.

Box 3 – Tax period. Darken the circle identifying the quarter for which the payment is made. Darken only one circle.

Box 4 – Name and address. Enter your name and address as shown on Form 941.

- Enclose your check or money order made payable to "United States Treasury." Be sure to enter your EIN, "Form 941," and the tax period ("1st Quarter 2024," "2nd Quarter 2024," "3rd Quarter 2024," or "4th Quarter 2024") on your check or money order. Don't send cash. Don't staple Form 941-V or your payment to Form 941 (or to each other).

- Detach Form 941-V and send it with your payment and Form 941 to the address in the Instructions for Form 941.

Note: You must also complete the entity information above Part 1 on Form 941.

Detach Here and Mail With Your Payment and Form 941.

Form **941-V**

Department of the Treasury
Internal Revenue Service

Payment Voucher

Don't staple this voucher or your payment to Form 941.

OMB No. 1545-0029

2024

1 Enter your employer identification number (EIN). —		2 Enter the amount of your payment. Make your check or money order payable to "United States Treasury."		Dollars	Cents
3 Tax Period		4 Enter your business name (individual name if sole proprietor). Enter your address. Enter your city, state, and ZIP code; or your city, foreign country name, foreign province/county, and foreign postal code.			
<input type="radio"/> 1st Quarter	<input type="radio"/> 3rd Quarter				
<input type="radio"/> 2nd Quarter	<input type="radio"/> 4th Quarter				

Schedule B (Form 941):

960311

Report of Tax Liability for Semiweekly Schedule Depositors

OMB No. 1545-0029

(Rev. March 2024)

Department of the Treasury — Internal Revenue Service

Employer identification number (EIN) -

Name (not your trade name)

Calendar year (Also check quarter)

Report for this Quarter...
(Check one.)

1: January, February, March

2: April, May, June

3: July, August, September

4: October, November, December

Use this schedule to show your TAX LIABILITY for the quarter; don't use it to show your deposits. When you file this schedule with Form 941, don't change your tax liability by adjustments reported on any Forms 941-X or 944-X. You must fill out this schedule and attach it to Form 941 if you're a semiweekly schedule depositor or became one because your accumulated tax liability on any day was \$100,000 or more. Write your daily tax liability on the numbered space that corresponds to the date wages were paid. See Section 11 in Pub. 15 for details.

Month 1

1	<input type="text"/>	9	<input type="text"/>	17	<input type="text"/>	25	<input type="text"/>
2	<input type="text"/>	10	<input type="text"/>	18	<input type="text"/>	26	<input type="text"/>
3	<input type="text"/>	11	<input type="text"/>	19	<input type="text"/>	27	<input type="text"/>
4	<input type="text"/>	12	<input type="text"/>	20	<input type="text"/>	28	<input type="text"/>
5	<input type="text"/>	13	<input type="text"/>	21	<input type="text"/>	29	<input type="text"/>
6	<input type="text"/>	14	<input type="text"/>	22	<input type="text"/>	30	<input type="text"/>
7	<input type="text"/>	15	<input type="text"/>	23	<input type="text"/>	31	<input type="text"/>
8	<input type="text"/>	16	<input type="text"/>	24	<input type="text"/>		

Tax liability for Month 1

Month 2

1	<input type="text"/>	9	<input type="text"/>	17	<input type="text"/>	25	<input type="text"/>
2	<input type="text"/>	10	<input type="text"/>	18	<input type="text"/>	26	<input type="text"/>
3	<input type="text"/>	11	<input type="text"/>	19	<input type="text"/>	27	<input type="text"/>
4	<input type="text"/>	12	<input type="text"/>	20	<input type="text"/>	28	<input type="text"/>
5	<input type="text"/>	13	<input type="text"/>	21	<input type="text"/>	29	<input type="text"/>
6	<input type="text"/>	14	<input type="text"/>	22	<input type="text"/>	30	<input type="text"/>
7	<input type="text"/>	15	<input type="text"/>	23	<input type="text"/>	31	<input type="text"/>
8	<input type="text"/>	16	<input type="text"/>	24	<input type="text"/>		

Tax liability for Month 2

Month 3

1	<input type="text"/>	9	<input type="text"/>	17	<input type="text"/>	25	<input type="text"/>
2	<input type="text"/>	10	<input type="text"/>	18	<input type="text"/>	26	<input type="text"/>
3	<input type="text"/>	11	<input type="text"/>	19	<input type="text"/>	27	<input type="text"/>
4	<input type="text"/>	12	<input type="text"/>	20	<input type="text"/>	28	<input type="text"/>
5	<input type="text"/>	13	<input type="text"/>	21	<input type="text"/>	29	<input type="text"/>
6	<input type="text"/>	14	<input type="text"/>	22	<input type="text"/>	30	<input type="text"/>
7	<input type="text"/>	15	<input type="text"/>	23	<input type="text"/>	31	<input type="text"/>
8	<input type="text"/>	16	<input type="text"/>	24	<input type="text"/>		

Tax liability for Month 3

Fill in your total liability for the quarter (Month 1 + Month 2 + Month 3).
Total must equal line 12 on Form 941.

Total liability for the quarter

Instructions for Form 941

(Rev. March 2024)

Employer's QUARTERLY Federal Tax Return



Department of the Treasury
Internal Revenue Service

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

Contents	Page
Reminders	1
General Instructions:	4
Purpose of Form 941	4
Who Must File Form 941?	4
When Must You File?	5
How Should You Complete Form 941?	6
Where Should You File?	7
Depositing Your Taxes	7
What About Penalties and Interest?	8
Adjustment of Tax on Tips	8
Specific Instructions:	8
Part 1: Answer These Questions for This Quarter	8
Part 2: Tell Us About Your Deposit Schedule and Tax Liability for This Quarter	12
Part 3: Tell Us About Your Business	13
Part 4: May We Speak With Your Third-Party Designee?	13
Part 5: Sign Here (Approved Roles)	14
How To Get Forms, Instructions, and Publications	14

Future Developments

For the latest information about developments related to Form 941 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form941](https://www.irs.gov/Form941).

What's New

Social security and Medicare taxes for 2024. The social security tax rate is 6.2% each for the employee and employer. The social security wage base limit is \$168,600.

The Medicare tax rate is 1.45% each for the employee and employer, unchanged from 2023. There is no wage base limit for Medicare tax.

Social security and Medicare taxes apply to the wages of household workers you pay \$2,700 or more in cash wages in 2024. Social security and Medicare taxes apply to election workers who are paid \$2,300 or more in cash or an equivalent form of compensation in 2024.

The COVID-19 related credit for qualified sick and family leave wages is limited to leave taken after March 31, 2020, and before October 1, 2021, and may no longer be claimed on Form 941. Generally, the credit for qualified sick and family leave wages, as enacted under the Families First Coronavirus Response Act (FFCRA) and amended and extended by the COVID-related Tax Relief Act of 2020, for leave taken after March 31, 2020, and before April 1, 2021, and the credit for qualified sick and family leave wages under sections

3131, 3132, and 3133 of the Internal Revenue Code, as enacted under the American Rescue Plan Act of 2021 (the ARP), for leave taken after March 31, 2021, and before October 1, 2021, have expired. However, employers that pay qualified sick and family leave wages in 2024 for leave taken after March 31, 2020, and before October 1, 2021, are eligible to claim a credit for qualified sick and family leave wages in 2024. Effective for tax periods beginning after December 31, 2023, the lines used to claim the credit for qualified sick and family leave wages have been removed from Form 941 because it would be extremely rare for an employer to pay wages in 2024 for qualified sick and family leave taken after March 31, 2020, and before October 1, 2021. Instead, if you're eligible to claim the credit for qualified sick and family leave wages because you paid the wages in 2024 for an earlier applicable leave period, file Form 941-X, Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund, after filing Form 941, to claim the credit for qualified sick and family leave wages paid in 2024. Filing a Form 941-X before filing a Form 941 for the quarter may result in errors or delays in processing your Form 941-X.

Reminders



Use the March 2024 revision of Form 941 to report taxes for the first quarter of 2024; don't use an earlier revision to report taxes for 2024. At this time, the IRS expects the March 2024 revision of Form 941 and these instructions to also be used for the second, third, and fourth quarters of 2024. If changes in law require additional changes to Form 941, the form and/or these instructions may be revised. Prior revisions of Form 941 are available at [IRS.gov/Form941](https://www.irs.gov/Form941) (select the link for "All Form 941 Revisions" under "Other Items You May Find Useful").



Unless otherwise noted, references throughout these instructions to Form W-2 include Forms W-2AS, W-2CM, W-2GU, W-2VI, and 499R-2/W-2PR; references to Form W-2c include Form 499R-2c/W-2cPR; references to Form W-3 include Form W-3SS and Form W-3 (PR); and references to Form W-3c include Form W-3C (PR).

Qualified small business payroll tax credit for increasing research activities. For tax years beginning before January 1, 2023, a qualified small business may elect to claim up to \$250,000 of its credit for increasing research activities as a payroll tax credit. The Inflation Reduction Act of 2022 (the IRA) increases the election amount to \$500,000 for tax years beginning after December 31, 2022. The payroll tax credit election must be made on or before the due date of the originally filed income tax return (including extensions). The portion of the credit used against payroll taxes is allowed in the first calendar quarter beginning after the date that the qualified

small business filed its income tax return. The election and determination of the credit amount that will be used against the employer's payroll taxes are made on Form 6765, Credit for Increasing Research Activities. The amount from Form 6765, line 44, must then be reported on Form 8974, Qualified Small Business Payroll Tax Credit for Increasing Research Activities.

Starting in the first quarter of 2023, the payroll tax credit is first used to reduce the employer share of social security tax up to \$250,000 per quarter and any remaining credit reduces the employer share of Medicare tax for the quarter. Any remaining credit, after reducing the employer share of social security tax and the employer share of Medicare tax, is then carried forward to the next quarter. Form 8974 is used to determine the amount of the credit that can be used in the current quarter. The amount from Form 8974, line 12 or, if applicable, line 17, is reported on line 11. For more information about the payroll tax credit, see [IRS.gov/ResearchPayrollTC](https://www.irs.gov/ResearchPayrollTC). Also see [Adjusting tax liability for the qualified small business payroll tax credit for increasing research activities \(line 11\)](#), later.

Forms 941-SS and 941-PR discontinued after 2023.

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; and Form 941-PR, Planilla para la Declaración Federal TRIMESTRAL del Patrono, were discontinued after the fourth quarter of 2023. Instead, employers in the U.S. territories file Form 941 or, if you prefer your form and instructions in Spanish, you can file new Form 941 (sp).

Pubs. 51, 80, and 179 discontinued after 2023. Pub. 51, Agricultural Employer's Tax Guide; Pub. 80, Federal Tax Guide for Employers in the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands; and Pub. 179, Guía Contributiva Federal para Patronos Puertorriqueños, were discontinued for tax years beginning after December 31, 2023. Instead, information specific to agricultural employers and employers in the U.S. territories will be included in Pub. 15, Employer's Tax Guide. For tax year 2024, there is a new Pub. 15 (sp) that is a Spanish-language version of Pub. 15.

Forms in Spanish. Many forms and instructions discussed in these instructions have Spanish-language versions available for employers and employees. Some examples include Form 941 (sp), Form 944 (sp), Form SS-4 (sp), Form W-4 (sp), and Form W-9 (sp). Although these instructions don't reference Spanish-language forms and instructions in each instance that one is available, you can see Pub. 15 (sp) and go to [IRS.gov](https://www.irs.gov) to determine if a Spanish-language version is available.

Payroll tax credit for certain tax-exempt organizations affected by qualified disasters. Section 303(d) of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 allows for a payroll tax credit for certain tax-exempt organizations affected by certain qualified disasters **not** related to COVID-19. This credit is claimed on Form 5884-D (not on Form 941). Form 5884-D is filed after the Form 941 for the quarter for which the credit is being claimed has been filed. For more information about this credit, go to [IRS.gov/Form5884D](https://www.irs.gov/Form5884D).

2024 withholding tables. The federal income tax withholding tables are included in Pub. 15-T, Federal Income Tax Withholding Methods.

Certification program for professional employer organizations (PEOs). The Stephen Beck, Jr., ABLE Act of 2014 required the IRS to establish a voluntary certification program for PEOs. PEOs handle various payroll administration and tax reporting responsibilities for their business clients and are typically paid a fee based on payroll costs. To become and remain certified under the certification program, certified professional employer organizations (CPEOs) must meet various requirements described in sections 3511 and 7705 and related published guidance. Certification as a CPEO may affect the employment tax liabilities of both the CPEO and its customers. A CPEO is generally treated for employment tax purposes as the employer of any individual who performs services for a customer of the CPEO and is covered by a contract described in section 7705(e)(2) between the CPEO and the customer (CPEO contract), but only for wages and other compensation paid to the individual by the CPEO. To become a CPEO, the organization must apply through the IRS Online Registration System. For more information or to apply to become a CPEO, go to [IRS.gov/CPEO](https://www.irs.gov/CPEO).

CPEOs must generally file Form 941 and Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers, electronically. For more information about a CPEO's requirement to file electronically, see Rev. Proc. 2023-18, 2023-13 I.R.B. 605, available at [IRS.gov/irb/2023-13_IRB#REV-PROC-2023-18](https://www.irs.gov/irb/2023-13_IRB#REV-PROC-2023-18).

Outsourcing payroll duties. Generally, as an employer, you're responsible to ensure that tax returns are filed and deposits and payments are made, even if you contract with a third party to perform these acts. You remain responsible if the third party fails to perform any required action. Before you choose to outsource any of your payroll and related tax duties (that is, withholding, reporting, and paying over social security, Medicare, FUTA, and income taxes) to a third-party payer, such as a payroll service provider or reporting agent, go to [IRS.gov/OutsourcingPayrollDuties](https://www.irs.gov/OutsourcingPayrollDuties) for helpful information on this topic. If a CPEO pays wages and other compensation to an individual performing services for you, and the services are covered by a CPEO contract, then the CPEO is generally treated for employment tax purposes as the employer, but only for wages and other compensation paid to the individual by the CPEO. However, with respect to certain employees covered by a CPEO contract, you may also be treated as an employer of the employees and, consequently, may also be liable for federal employment taxes imposed on wages and other compensation paid by the CPEO to such employees. For more information on the different types of third-party payer arrangements, see section 16 of Pub. 15.

Aggregate Form 941 filers. Approved section 3504 agents and CPEOs must complete and file Schedule R (Form 941) when filing an aggregate Form 941. Aggregate Forms 941 are filed by agents approved by the IRS under section 3504. To request approval to act as an agent for an employer, the agent files Form 2678 with the IRS

unless you're a state or local government agency acting as an agent under the special procedures provided in Rev. Proc. 2013-39, 2013-52 I.R.B. 830, available at [IRS.gov/irb/2013-52_IRB#RP-2013-39](https://www.irs.gov/irb/2013-52_IRB#RP-2013-39). Aggregate Forms 941 are also filed by CPEOs approved by the IRS under section 7705. To become a CPEO, the organization must apply through the IRS Online Registration System at [IRS.gov/CPEO](https://www.irs.gov/CPEO). CPEOs file Form 8973, Certified Professional Employer Organization/Customer Reporting Agreement, to notify the IRS that they started or ended a service contract with a customer. CPEOs must generally file Form 941 and Schedule R (Form 941) electronically. For more information about a CPEO's requirement to file electronically, see [Rev. Proc. 2023-18](https://www.irs.gov/revproc/2023-18).

Other third-party payers that file aggregate Forms 941, such as non-certified PEOs, must complete and file Schedule R (Form 941) if they have clients that are claiming the qualified small business payroll tax credit for increasing research activities.



TIP *If both an employer and a section 3504 authorized agent (or CPEO or other third-party payer) paid wages to an employee during a quarter, both the employer and the section 3504 authorized agent (or CPEO or other third-party payer, if applicable) should file Form 941 reporting the wages each entity paid to the employee during the applicable quarter and issue Forms W-2 reporting the wages each entity paid to the employee during the year.*

Work opportunity tax credit for qualified tax-exempt organizations hiring qualified veterans. Qualified tax-exempt organizations that hire eligible unemployed veterans may be able to claim the work opportunity tax credit against their payroll tax liability using Form 5884-C. For more information, go to [IRS.gov/WOTC](https://www.irs.gov/WOTC).

Correcting a previously filed Form 941. If you discover an error on a previously filed Form 941, or if you otherwise need to amend a previously filed Form 941, make the correction using Form 941-X. Form 941-X is filed separately from Form 941. For more information, see the Instructions for Form 941-X, section 13 of Pub. 15, or go to [IRS.gov/CorrectingEmploymentTaxes](https://www.irs.gov/CorrectingEmploymentTaxes).

Federal tax deposits must be made by electronic funds transfer (EFT). You must use EFT to make all federal tax deposits. Generally, an EFT is made using the Electronic Federal Tax Payment System (EFTPS). If you don't want to use EFTPS, you can arrange for your tax professional, financial institution, payroll service, or other trusted third party to make electronic deposits on your behalf. Also, you may arrange for your financial institution to initiate a same-day wire payment on your behalf. EFTPS is a free service provided by the Department of the Treasury. Services provided by your tax professional, financial institution, payroll service, or other third party may have a fee.

For more information on making federal tax deposits, see section 11 of Pub. 15. To get more information about EFTPS or to enroll in EFTPS, go to [EFTPS.gov](https://www.eftps.gov) or call one of the following numbers.

- 800-555-4477.
- 800-244-4829 (Spanish).
- 303-967-5916 (toll call).

To contact EFTPS using Telecommunications Relay Services (TRS) for people who are deaf, hard of hearing, or have a speech disability, dial 711 and then provide the TRS assistant the 800-555-4477 number above or 800-733-4829. Additional information about EFTPS is also available in Pub. 966.



For an EFTPS deposit to be on time, you must submit the deposit by 8 p.m. Eastern time the day before the date the deposit is due.

Same-day wire payment option. If you fail to submit a deposit transaction on EFTPS by 8 p.m. Eastern time the day before the date a deposit is due, you can still make your deposit on time by using the Federal Tax Collection Service (FTCS) to make a same-day wire payment. To use the same-day wire payment method, you will need to make arrangements with your financial institution ahead of time. Please check with your financial institution regarding availability, deadlines, and costs. Your financial institution may charge you a fee for payments made this way. To learn more about the information you will need to give your financial institution to make a same-day wire payment, go to [IRS.gov/SameDayWire](https://www.irs.gov/SameDayWire).

Timeliness of federal tax deposits. If a deposit is required to be made on a day that isn't a business day, the deposit is considered timely if it is made by the close of the next business day. A business day is any day other than a Saturday, Sunday, or legal holiday. The term "legal holiday" for deposit purposes includes only those legal holidays in the District of Columbia. Legal holidays in the District of Columbia are provided in section 11 of Pub. 15.

Electronic filing and payment. Businesses can enjoy the benefits of filing tax returns and paying their federal taxes electronically. Whether you rely on a tax professional or handle your own taxes, the IRS offers you convenient and secure programs to make filing and paying easier. Spend less time worrying about taxes and more time running your business. Use e-file and EFTPS to your benefit.

- For e-file, go to [IRS.gov/EmploymentEfile](https://www.irs.gov/EmploymentEfile) for additional information. A fee may be charged to file electronically.
- For EFTPS, go to [EFTPS.gov](https://www.eftps.gov) or call one of the numbers provided under [Federal tax deposits must be made by electronic funds transfer \(EFT\)](https://www.irs.gov/federal-tax-deposits-must-be-made-by-electronic-funds-transfer), earlier.
- For electronic filing of Forms W-2, Wage and Tax Statement, go to [SSA.gov/employer](https://www.ssa.gov/employer). You may be required to file Forms W-2 electronically. For details, see the General Instructions for Forms W-2 and W-3. The Social Security Administration's Business Services Online (BSO) is an independent program from the Government of Puerto Rico electronic filing system. Employers in Puerto Rico must go to [Hacienda.gobierno.pr](https://www.hacienda.gobierno.pr) for additional information.



If you're filing your tax return or paying your federal taxes electronically, a valid employer identification number (EIN) is required at the time the return is filed or the payment is made. If a valid EIN isn't provided, the return or payment won't be processed. This may result in penalties. See [Employer identification number \(EIN\)](https://www.irs.gov/employer-identification-number), later, for information about applying for an EIN.

Electronic funds withdrawal (EFW). If you file Form 941 electronically, you can e-file and use EFW to pay the

balance due in a single step using tax preparation software or through a tax professional. However, don't use EFW to make federal tax deposits. For more information on paying your taxes using EFW, go to [IRS.gov/EFW](https://www.irs.gov/EFW).

Credit or debit card payments. You can pay the balance due shown on Form 941 by credit or debit card. Your payment will be processed by a payment processor who will charge a processing fee. Don't use a credit or debit card to make federal tax deposits. For more information on paying your taxes with a credit or debit card, go to [IRS.gov/PayByCard](https://www.irs.gov/PayByCard).

Online payment agreement. You may be eligible to apply for an installment agreement online if you can't pay the full amount of tax you owe when you file your return. For more information, see [What if you can't pay in full](#), later.

Paid preparers. If you use a paid preparer to complete Form 941, the paid preparer must complete and sign the paid preparer's section of the form.

Where can you get telephone help? For answers to your questions about completing Form 941 or tax deposit rules, you can call the IRS at 800-829-4933 or 800-829-4059 (TDD/TTY for persons who are deaf, hard of hearing, or have a speech disability), Monday–Friday from 7:00 a.m. to 7:00 p.m. local time (Alaska and Hawaii follow Pacific time).

Photographs of missing children. The IRS is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](#). Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

General Instructions:

Purpose of Form 941

These instructions give you some background information about Form 941. They tell you who must file Form 941, how to complete it line by line, and when and where to file it.

If you want more in-depth information about payroll tax topics relating to Form 941, see Pub. 15 or go to [IRS.gov/EmploymentTaxes](https://www.irs.gov/EmploymentTaxes).



References to federal income tax withholding don't apply to employers in American Samoa, Guam, the Commonwealth of the Northern Mariana Islands (CNMI), the U.S. Virgin Islands (USVI), and Puerto Rico, unless you have employees who are subject to U.S. income tax withholding. Contact your local tax department for information about income tax withholding.

Federal law requires you, as an employer, to withhold certain taxes from your employees' pay. Each time you pay wages, you must withhold—or take out of your employees' pay—certain amounts for federal income tax, social security tax, and Medicare tax. You must also withhold Additional Medicare Tax from wages you pay to

an employee in excess of \$200,000 in a calendar year. Under the withholding system, taxes withheld from your employees are credited to your employees in payment of their tax liabilities.

Federal law also requires you to pay any liability for the employer share of social security and Medicare taxes. This share of social security and Medicare taxes isn't withheld from employees.

Who Must File Form 941?

If you pay wages subject to federal income tax withholding or social security and Medicare taxes, you must file Form 941 quarterly to report the following amounts.

- Wages you've paid.
- Tips your employees reported to you.
- Federal income tax you withheld.
- Both the employer and the employee share of social security and Medicare taxes.
- Additional Medicare Tax withheld from employees.
- Current quarter's adjustments to social security and Medicare taxes for fractions of cents, sick pay, tips, and group-term life insurance.
- Qualified small business payroll tax credit for increasing research activities.

Don't use Form 941 to report backup withholding or income tax withholding on nonpayroll payments such as pensions, annuities, and gambling winnings. Report these types of withholding on Form 945, Annual Return of Withheld Federal Income Tax. Also, don't use Form 941 to report unemployment taxes. Report unemployment taxes on Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return.

After you file your first Form 941, you must file a return for each quarter, even if you have no taxes to report, unless you filed a final return or one of the exceptions listed next applies.

Exceptions

Special rules apply to some employers.

- If you received notification to file **Form 944**, Employer's ANNUAL Federal Tax Return, you must file Form 944 annually; don't file Form 941 quarterly.
- **Seasonal employers** don't have to file a Form 941 for quarters in which they have no tax liability because they have paid no wages. To tell the IRS that you won't file a return for one or more quarters during the year, check the box on line 18 every quarter you file Form 941. See section 12 of Pub. 15 for more information.
- Employers of **household employees** don't usually file Form 941. See Pub. 926 and Schedule H (Form 1040) for more information.
- Employers of **farm employees** don't file Form 941 for wages paid for agricultural labor. See Form 943 and Pub. 15 for more information.



If none of these exceptions apply and you haven't filed a final return, you must file Form 941 each quarter even if you didn't pay wages during the quarter. Use IRS e-file, if possible.

Requesting To File Forms 941 Instead of Form 944, or Requesting To File Form 944 Instead of Forms 941

Requesting to file Forms 941 instead of Form 944. Employers that would otherwise be required to file Form 944 may contact the IRS to request to file quarterly Forms 941 instead of annual Form 944. To request to file quarterly Forms 941 to report your social security and Medicare taxes for the 2024 calendar year, you must either call the IRS at 800-829-4933 between January 1, 2024, and April 1, 2024, or send a written request postmarked between January 1, 2024, and March 15, 2024. After you contact the IRS, the IRS will send you a written notice that your filing requirement has been changed to Forms 941. You must receive written notice from the IRS to file Forms 941 instead of Form 944 before you may file these forms. If you don't receive this notice, you must file Form 944 for calendar year 2024.

Requesting to file Form 944 instead of Forms 941. If you're required to file Forms 941 but believe your employment taxes for calendar year 2024 will be \$1,000 or less, you may request to file Form 944 instead of Forms 941 by calling the IRS at 800-829-4933 between January 1, 2024, and April 1, 2024, or sending a written request postmarked between January 1, 2024, and March 15, 2024. After you contact the IRS, the IRS will send you a written notice that your filing requirement has been changed to Form 944. You must receive written notice from the IRS to file Form 944 instead of Forms 941 before you may file this form. If you don't receive this notice, you must file Forms 941 for calendar year 2024.

Where to send written requests. Written requests should be sent to:

Department of the Treasury
Internal Revenue Service
Ogden, UT 84201-0038

or

Department of the Treasury
Internal Revenue Service
Cincinnati, OH 45999-0038

If you would mail your return filed without a payment to Ogden, as shown under [Where Should You File](#), later, send your request to the Ogden address shown above. If you would mail your return filed without a payment to Kansas City, send your request to the address for Cincinnati shown above. For more information about these procedures, see Rev. Proc. 2009-51, 2009-45 I.R.B. 625, available at [IRS.gov/irb/2009-45_IRB#RP-2009-51](https://www.irs.gov/irb/2009-45_IRB#RP-2009-51).

What if You Reorganize or Close Your Business? If You Sell or Transfer Your Business . . .

If you sell or transfer your business during the quarter, you and the new owner must each file a Form 941 for the quarter in which the transfer occurred. Report only the wages you paid.

When two businesses merge, the continuing firm must file a return for the quarter in which the change took place and the other firm should file a final return.

Changing from one form of business to another—such as from a sole proprietorship to a partnership or

corporation—is considered a transfer. If a transfer occurs, you may need a new EIN. See Pub. 1635 and section 1 of Pub. 15 for more information.

Attach a statement to your return with:

- The new owner's name (or the new name of the business);
- Whether the business is now a sole proprietorship, partnership, or corporation;
- The kind of change that occurred (a sale or transfer);
- The date of the change; and
- The name of the person keeping the payroll records and the address where those records will be kept.

If Your Business Has Closed . . .

If you permanently go out of business or stop paying wages to your employees, you must file a final return. To tell the IRS that Form 941 for a particular quarter is your final return, check the box on line 17 and enter the final date you paid wages. Also attach a statement to your return showing the name of the person keeping the payroll records and the address where those records will be kept.

See *Terminating a business* in the General Instructions for Forms W-2 and W-3 for information about earlier dates for the expedited furnishing and filing of Forms W-2 when a final Form 941 is filed.

If you participated in a statutory merger or consolidation, or qualify for predecessor-successor status due to an acquisition, you should generally file Schedule D (Form 941), Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations. See the Instructions for Schedule D (Form 941) to determine whether you should file Schedule D (Form 941) and when you should file it.

When Must You File?

File your initial Form 941 for the quarter in which you first paid wages that are subject to social security and Medicare taxes or subject to federal income tax withholding. See the table titled [When To File Form 941](#), later.

Then, you must file for every quarter after that—every 3 months—even if you have no taxes to report, unless you're a seasonal employer or are filing your final return. See [Seasonal employers](#) and [If Your Business Has Closed](#), earlier.

File Form 941 only once for each quarter. If you filed electronically, don't file a paper Form 941. For more information about filing Form 941 electronically, see [Electronic filing and payment](#), earlier.

When To File Form 941

Your Form 941 is due by the last day of the month that follows the end of the quarter.		
The Quarter Includes . . .	Quarter Ends	Form 941 Is Due
1. January, February, March	March 31	April 30
2. April, May, June	June 30	July 31
3. July, August, September	September 30	October 31
4. October, November, December	December 31	January 31

For example, you must generally report wages you pay during the 1st quarter—which is January through March—by April 30. If you made timely deposits in full payment of your taxes for the quarter, you may file by the 10th day of the 2nd month that follows the end of the quarter. For example, you may file Form 941 by May 10 if you made timely deposits in full payment of your taxes for the 1st quarter.

If we receive Form 941 after the due date, we will treat Form 941 as filed on time if the envelope containing Form 941 is properly addressed, contains sufficient postage, and is postmarked by the U.S. Postal Service on or before the due date, or sent by an IRS-designated private delivery service (PDS) on or before the due date. If you don't follow these guidelines, we will generally consider Form 941 filed when it is actually received. For more information about PDSs, see [Where Should You File](#), later.

If any due date for filing falls on a Saturday, Sunday, or legal holiday, you may file your return on the next business day.

How Should You Complete Form 941?

Type or print your EIN, name, and address in the spaces provided. Also enter your name and EIN on the top of page 2. Don't use your social security number (SSN) or individual taxpayer identification number (ITIN). Generally, enter the business (legal) name you used when you applied for your EIN. For example, if you're a sole proprietor, enter "Haleigh Smith" on the "Name" line and "Haleigh's Cycles" on the "Trade name" line. Leave the "Trade name" line blank if it is the same as your "Name."

If you use a tax preparer to fill out Form 941, make sure the preparer shows your business name exactly as it appeared when you applied for your EIN.

Employer identification number (EIN). To make sure businesses comply with federal tax laws, the IRS monitors tax filings and payments by using a numerical system to identify taxpayers. A unique nine-digit 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 aren't sure which one to use, write to the IRS office where you file your returns (using the *Without a payment* address under [Where Should You File](#), later) or call the IRS at 800-829-4933.

If you don't have an EIN, you may apply for one online by going to [IRS.gov/EIN](#). You may also apply for an EIN by faxing or mailing Form SS-4 to the IRS. If the principal

business was created or organized outside of the United States or U.S. territories, you may also apply for an EIN by calling 267-941-1099 (toll call). If you haven't received your EIN by the due date of Form 941, file a paper return and write "Applied For" and the date you applied in this entry space.



If you're filing your tax return electronically, a valid EIN is required at the time the return is filed. If a valid EIN isn't provided, the return won't be accepted. This may result in penalties.



Always be sure the EIN on the form you file exactly matches the EIN the IRS assigned to your business. Don't use your SSN or ITIN on forms that ask for an EIN. If you used an EIN (including a prior owner's EIN) on Form 941 that is different from the EIN reported on Form W-3, see Box h—Other EIN used this year in the General Instructions for Forms W-2 and W-3. On Form W-3 (PR), "Other EIN used this year" is reported in box f. Filing a Form 941 with an incorrect EIN or using another business's EIN may result in penalties and delays in processing your return.

If you change your business name, business address, or responsible party... Notify the IRS immediately if you change your business name, business address, or responsible party.

- Write to the IRS office where you file your returns (using the *Without a payment* address under [Where Should You File](#), later) to notify the IRS of any business name change. See Pub.1635 to see if you need to apply for a new EIN.
- Complete and mail Form 8822-B to notify the IRS of a business address or responsible party change. Don't mail Form 8822-B with your Form 941. For a definition of "responsible party," see the Instructions for Form SS-4.

Check the Box for the Quarter

Under "Report for this Quarter of 2024" at the top of Form 941, check the appropriate box of the quarter for which you're filing. Make sure the quarter checked is the same as shown on any attached Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors, and, if applicable, Schedule R (Form 941).

Completing and Filing Form 941

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

- Use 10-point Courier font (if possible) for all entries if you're typing or using a computer to complete your form. Portable Document Format (PDF) forms on IRS.gov have fillable fields with acceptable font specifications.
- Don't enter dollar signs and decimal points. Commas are optional. Enter dollars to the left of the preprinted decimal point and cents to the right of it. Don't round entries to whole dollars. Always show an amount for cents, even if it is zero.
- Leave blank any data field (except lines 1, 2, and 12) 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.
- Enter your name, EIN, "Form 941," and the tax year and quarter on all attachments.

- Staple multiple sheets in the upper left corner when filing.

Complete both pages. You must complete both pages of Form 941 and sign on page 2. Failure to do so may delay processing of your return.

Required Notice to Employees About the Earned Income Credit (EIC)

To notify employees about the EIC, you must give the employees, except for employees in American Samoa, Guam, Puerto Rico, the CNMI, and the USVI, one of the following items.

- Form W-2 which has the required information about the EIC on the back of Copy B.
- A substitute Form W-2 with the same EIC information on the back of the employee's copy that is on Copy B of the IRS Form W-2.
- Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit (EIC).
- Your written statement with the same wording as Notice 797.

For more information, see section 10 of Pub. 15, Pub. 596, and [IRS.gov/EIC](https://www.irs.gov/EIC).

Reconciling Forms 941 With Form W-3

The IRS matches amounts reported on your four quarterly Forms 941 with Form W-2 amounts totaled on your yearly Form W-3, Transmittal of Wage and Tax Statements. If the amounts don't agree, you may be contacted by the IRS or the Social Security Administration (SSA). The following amounts are reconciled.

- Federal income tax withholding.
- Social security wages.
- Social security tips.
- Medicare wages and tips.

For more information, see section 12 of Pub. 15 and the Instructions for Schedule D (Form 941).

Where Should You File?

You're encouraged to file Form 941 electronically. Go to [IRS.gov/EmploymentEfile](https://www.irs.gov/EmploymentEfile) for more information on electronic filing. If you file a paper return, where you file depends on whether you include a payment with Form 941. Mail your return to the address listed for your location in the table that follows.

PDSs can't deliver to P.O. boxes. You must use the U.S. Postal Service to mail an item to a P.O. box address. Go to [IRS.gov/PDS](https://www.irs.gov/PDS) for the current list of PDSs. For the IRS mailing address to use if you're using a PDS, go to [IRS.gov/PDSstreetAddresses](https://www.irs.gov/PDSstreetAddresses). Select the mailing address listed on the webpage that is in the same state as the address to which you would mail returns filed without a payment, as shown next.

Mailing Addresses for Form 941

If you're in . . .	Without a payment . . .	With a payment . . .
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Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, Wisconsin	Department of the Treasury Internal Revenue Service Kansas City, MO 64999-0005	Internal Revenue Service P.O. Box 806532 Cincinnati, OH 45280-6532
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Alabama, Alaska, Arizona, Arkansas, California, Colorado, Florida, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming	Department of the Treasury Internal Revenue Service Ogden, UT 84201-0005	Internal Revenue Service P.O. Box 932100 Louisville, KY 40293-2100
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No legal residence or principal place of business in any state, including employers in American Samoa, Guam, the CNMI, the USVI, and Puerto Rico	Internal Revenue Service P.O. Box 409101 Ogden, UT 84409	Internal Revenue Service P.O. Box 932100 Louisville, KY 40293-2100
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Special filing address for exempt organizations; federal, state, and local governmental entities; and Indian tribal governmental entities, regardless of location	Department of the Treasury Internal Revenue Service Ogden, UT 84201-0005	Internal Revenue Service P.O. Box 932100 Louisville, KY 40293-2100
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Your filing address may have changed from that used to file your employment tax return in prior years. Don't send Form 941 or any payments to the SSA.

Depositing Your Taxes



You must deposit all depository taxes electronically by EFT. For more information, see [Federal tax deposits must be made by electronic funds transfer \(EFT\)](#) under Reminders, earlier.

Must You Deposit Your Taxes?

You may have to deposit the federal income taxes you withheld and both the employer and employee social security taxes and Medicare taxes.

- **If your total taxes after adjustments and nonrefundable credits (line 12) are less than \$2,500 for the current quarter or the prior quarter, and you didn't incur a \$100,000 next-day deposit obligation during the current quarter.** You don't have to make a deposit. To avoid a penalty, you must pay any amount due in full with a timely filed return or you must deposit any amount you owe by the due date of the return. For more information on paying with a timely filed return, see the instructions for [line 14](#), later. If you're not sure your total tax liability for the current quarter will be less than \$2,500 (and your liability for the prior quarter wasn't less than \$2,500), make deposits using the semiweekly or monthly

rules so you won't be subject to failure-to-deposit (FTD) penalties.

• **If your total taxes after adjustments and nonrefundable credits (line 12) are \$2,500 or more for the current quarter and the prior quarter.** You must make deposits according to your deposit schedule. See section 11 of Pub. 15 for information about payments made under the accuracy of deposits rule and for rules about federal tax deposits.

When Must You Deposit Your Taxes?

Determine if You're a Monthly or Semiweekly Schedule Depositor for the Quarter

The IRS uses two different sets of deposit rules to determine when businesses must deposit their social security, Medicare, and withheld federal income taxes. These schedules tell you when a deposit is due after you have a payday.

Your deposit schedule isn't determined by how often you pay your employees. Your deposit schedule depends on the total tax liability you reported on Form 941 during the previous 4-quarter lookback period (July 1 of the second preceding calendar year through June 30 of the preceding calendar year). See section 11 of Pub. 15 for details. If you filed Form 944 in either 2022 or 2023, your lookback period is the 2022 calendar year.

Before the beginning of each calendar year, determine which type of deposit schedule you must use.

- If you reported \$50,000 or less in taxes during the lookback period, you're a **monthly schedule depositor**.
- If you reported more than \$50,000 of taxes during the lookback period, you're a **semiweekly schedule depositor**.



If you're a monthly schedule depositor and accumulate a \$100,000 tax liability on any day during the deposit period, you become a semiweekly schedule depositor on the next day and remain so for at least the rest of the calendar year and for the following calendar year. See \$100,000 Next-Day Deposit Rule in section 11 of Pub. 15 for more information. The \$100,000 tax liability threshold requiring a next-day deposit is determined before you consider any reduction of your liability for nonrefundable credits.

What About Penalties and Interest?

Avoiding Penalties and Interest

You can avoid paying penalties and interest if you do all of the following.

- Deposit or pay your taxes when they are due.
- File your fully completed Form 941 on time.
- Report your tax liability accurately.
- Submit valid checks for tax payments.
- Furnish accurate Forms W-2 to employees.
- File Form W-3 and Copy A of Forms W-2 with the 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 sections 11 and 12 of Pub. 15 for details.

Use Form 843 to request abatement of assessed penalties or interest. Don't request abatement of assessed penalties or interest on Form 941 or Form 941-X.

If you receive a notice about a penalty after you file this return, reply to the notice with an explanation and we will determine if you meet reasonable-cause criteria. Don't attach an explanation when you file your return.



If federal income, social security, and Medicare taxes that must be withheld (that is, trust fund taxes) aren't withheld or aren't deposited or paid to the United States Treasury, the trust fund recovery penalty may apply. The penalty is 100% of the unpaid trust fund tax. If these unpaid taxes can't be immediately collected from the employer or business, the trust fund recovery penalty may be imposed on all persons who are determined by the IRS to be responsible for collecting, accounting for, or paying over these taxes, and who acted willfully in not doing so. For more information, see section 11 of Pub. 15. The trust fund recovery penalty won't apply to any amount of trust fund taxes an employer holds back in anticipation of any credits they are entitled to.

Adjustment of Tax on Tips

If, by the 10th of the month after the month you received an employee's report on tips, you don't have enough employee funds available to withhold the employee share of social security and Medicare taxes, you no longer have to collect it. Report the entire amount of these tips on line 5b (Taxable social security tips), line 5c (Taxable Medicare wages and tips), and, if the withholding threshold is met, line 5d (Taxable wages and tips subject to Additional Medicare Tax withholding). Include as a negative adjustment on [line 9](#) the total uncollected employee share of the social security and Medicare taxes.

Specific Instructions:

Part 1: Answer These Questions for This Quarter

1. Number of Employees Who Received Wages, Tips, or Other Compensation

Enter 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 Form 941. Don't include:

- Household employees,
- Employees in nonpay status for the pay period,
- Farm employees,
- Pensioners, or
- Active members of the U.S. Armed Forces.



Employers in American Samoa, Guam, the CNMI, the USVI, and Puerto Rico can skip lines 2 and 3, unless you have employees who are subject to U.S. income tax withholding.

2. Wages, Tips, and Other Compensation

Enter amounts on line 2 that would also be included in box 1 of your employees' Forms W-2. See *Box 1—Wages*,

tips, other compensation in the General Instructions for Forms W-2 and W-3 for details. Include sick pay paid by your agent. Also include sick pay paid by a third party that isn't your agent (for example, an insurance company) if you were given timely notice of the payments and the third party transferred liability for the employer's taxes to you.

If you're a third-party payer of sick pay and not an agent of the employer, don't include sick pay that you paid to policyholders' employees here if you gave the policyholders timely notice of the payments. See section 6 of Pub. 15-A for more information about sick pay reporting and the procedures for transferring the liability to the employer.

3. Federal Income Tax Withheld From Wages, Tips, and Other Compensation

Enter the federal income tax you withheld (or were required to withhold) from your employees on this quarter's wages, tips, taxable fringe benefits, and supplemental unemployment compensation benefits. Don't include any income tax withheld by a third-party payer of sick pay even if you reported it on Forms W-2. You will reconcile this difference on Form W-3. Also include here any excise taxes you were required to withhold on golden parachute payments (section 4999). For information on the employment tax treatment of fringe benefits, see Pub. 15-B, Employer's Tax Guide to Fringe Benefits. For information about supplemental unemployment compensation benefits and golden parachute payments, see section 5 of Pub. 15-A.

If you're a third-party payer of sick pay, enter the federal income tax you withheld (or were required to withhold) on third-party sick pay here.

4. If No Wages, Tips, and Other Compensation Are Subject to Social Security or Medicare Tax . . .

If no wages, tips, and other compensation on line 2 are subject to social security or Medicare tax, check the box on line 4. If this question doesn't apply to you, leave the box blank. For more information about exempt wages, see section 15 of Pub. 15. For religious exemptions, see section 4 of Pub. 15-A.



If you're a governmental employer, wages you pay aren't automatically exempt from social security and Medicare taxes. Your employees may be covered by law or by a voluntary Section 218 Agreement with the SSA. For more information, see Pub. 963, Federal-State Reference Guide.

5a–5e. Taxable Social Security and Medicare Wages and Tips

5a. Taxable social security wages. Enter the total wages, sick pay, and taxable fringe benefits subject to social security taxes 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 of Pub. 15-A for more information about sick pay reporting. See the instructions for [line 8](#) for

an adjustment that you may need to make on Form 941 for sick pay.

Enter the amount before payroll deductions. Don't include tips on this line. For information on types of wages subject to social security taxes, see section 5 of Pub. 15.

For 2024, the rate of social security tax on taxable wages is 6.2% (0.062) each for the employer and employee. Stop paying social security tax on and entering an employee's wages on line 5a when the employee's taxable wages and tips reach \$168,600 for the year. However, continue to withhold income and Medicare taxes for the whole year on all wages and tips, even when the social security wage base of \$168,600 has been reached.

$$\begin{array}{r} \text{line 5a (column 1)} \\ \times \quad 0.124 \\ \hline \text{line 5a (column 2)} \end{array}$$

5b. Taxable social security tips. Enter all tips your employees reported to you during the quarter until the total of the tips and taxable wages, including wages reported on line 5a, for an employee reaches \$168,600 for the year. Include all tips your employee reported to you even if you were unable to withhold the employee tax of 6.2%. You will reduce your total taxes by the amount of any uncollected employee share of social security and Medicare taxes on tips later on line 9; see [Current quarter's adjustments for tips and group-term life insurance](#), later. Don't include service charges on line 5b. For details about the difference between tips and service charges, see Rev. Rul. 2012-18, 2012-26 I.R.B. 1032, available at [IRS.gov/irb/2012-26_IRB#RR-2012-18](#).

Your employee must report cash tips to you by the 10th day of the month after the month the tips are received. Cash tips include tips paid by cash, check, debit card, and credit card. The report should include charged tips (for example, credit and debit card charges) you paid over to the employee for charge customers, tips the employee received directly from customers, and tips received from other employees under any tip-sharing arrangement. Both directly and indirectly tipped employees must report tips to you. No report is required for months when tips are less than \$20. Employees may submit a written statement or electronic tip record.

Don't include allocated tips (described in section 6 of Pub. 15) on this line. Instead, report them on Form 8027. Allocated tips aren't reportable on Form 941 and aren't subject to withholding of federal income, social security, or Medicare tax.

$$\begin{array}{r} \text{line 5b (column 1)} \\ \times \quad 0.124 \\ \hline \text{line 5b (column 2)} \end{array}$$

5c. Taxable Medicare wages & tips. Enter 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.

The rate of Medicare tax is 1.45% (0.0145) each for the employer and employee. Include all tips your employees

reported during the quarter, even if you were unable to withhold the employee tax of 1.45%.

$$\begin{array}{r} \text{line 5c (column 1)} \\ \times \quad 0.029 \\ \hline \text{line 5c (column 2)} \end{array}$$

For more information on tips, see section 6 of Pub. 15. See the instructions for [line 8](#) for an adjustment that you may need to make on Form 941 for sick pay.

5d. Taxable wages & tips subject to Additional Medicare Tax withholding. Enter all wages, tips, sick pay, and taxable fringe benefits that are subject to Additional Medicare Tax withholding. You're required to begin withholding Additional Medicare Tax in the pay period in which you pay wages in excess of \$200,000 to an employee and continue to withhold it each pay period until the end of the calendar year. Additional Medicare Tax is only imposed on the employee. There is no employer share of Additional Medicare Tax. All wages that are subject to Medicare tax are subject to Additional Medicare Tax withholding if paid in excess of the \$200,000 withholding threshold.

For more information on what wages are subject to Medicare tax, see section 15 of Pub. 15. For more information on Additional Medicare Tax, go to [IRS.gov/ADMTfaq](https://www.irs.gov/ADMTfaq)s. See the instructions for [line 8](#) for an adjustment that you may need to make on Form 941 for sick pay.

Once wages and tips exceed the \$200,000 withholding threshold, include all tips your employees reported during the quarter, even if you were unable to withhold the employee tax of 0.9%.

$$\begin{array}{r} \text{line 5d (column 1)} \\ \times \quad 0.009 \\ \hline \text{line 5d (column 2)} \end{array}$$

5e. Total social security and Medicare taxes. Add the column 2 amounts on lines 5a–5d. Enter the result on line 5e.

5f. Section 3121(q) Notice and Demand—Tax Due on Unreported Tips

Enter the tax due from your Section 3121(q) Notice and Demand on line 5f. The IRS issues a Section 3121(q) Notice and Demand to advise an employer of the amount of tips received by employees who failed to report or underreported tips to the employer. An employer isn't liable for the employer share of the social security and Medicare taxes on unreported tips until notice and demand for the taxes is made to the employer by the IRS in a Section 3121(q) Notice and Demand. The tax due may have been determined from tips reported to the IRS on employees' Forms 4137, Social Security and Medicare Tax on Unreported Tip Income, or other tips that weren't reported to their employer as determined by the IRS during an examination. For additional information, see [Rev. Rul. 2012-18](#).

Deposit the tax within the time period required under your deposit schedule to avoid any possible deposit penalty. The tax is treated as accumulated by the employer on the "Date of Notice and Demand" as printed on the Section 3121(q) Notice and Demand. The employer must include this amount on the appropriate line of the record of federal tax liability (Part 2 of Form 941 for a monthly schedule depositor or Schedule B (Form 941) for a semiweekly schedule depositor).

6. Total Taxes Before Adjustments

Add the total federal income tax withheld from wages, tips, and other compensation (line 3); the total social security and Medicare taxes before adjustments (line 5e); and any tax due under a Section 3121(q) Notice and Demand (line 5f). Enter the result on line 6.

7–9. Tax Adjustments

Enter tax amounts on lines 7–9 that result from current quarter adjustments. Use a minus sign (if possible) to show an adjustment that decreases the total taxes shown on line 6 instead of parentheses. Doing so enhances the accuracy of our scanning software. For example, enter "-10.59" instead of "(10.59)." However, if your software only allows for parentheses in entering negative amounts, you may use them.

Current quarter's adjustments. In certain cases, you must adjust the amounts you entered as social security and Medicare taxes in column 2 of lines 5a–5d to figure your correct tax liability for this quarter's Form 941. See section 13 of Pub. 15.

7. Current quarter's adjustment for 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 of amounts shown in column 2 of lines 5a–5d may differ slightly from amounts actually withheld from employees' pay due to the rounding of social security and Medicare taxes based on statutory rates. This adjustment may be a positive or a negative adjustment.

8. Current quarter's adjustment for sick pay. If your third-party payer of sick pay that isn't your agent (for example, an insurance company) transfers the liability for the employer share of the social security and Medicare taxes to you, enter a negative adjustment on line 8 for the employee share of social security and Medicare taxes that were withheld and deposited by your third-party sick pay payer on the sick pay. If you're the third-party sick pay payer and you transferred the liability for the employer share of the social security and Medicare taxes to the employer, enter a negative adjustment on line 8 for any employer share of these taxes required to be paid by the employer. The sick pay should be included on line 5a, line 5c, and, if the withholding threshold is met, line 5d.

No adjustment is reported on line 8 for sick pay that is paid through a third party as an employer's agent. An employer's agent bears no insurance risk and is reimbursed on a cost-plus-fee basis for payment of sick pay and similar amounts. If an employer uses an agent to pay sick pay, the employer reports the wages on line 5a, line 5c, and, if the withholding threshold is met, line 5d, unless the employer has an agency agreement with the

third-party payer that requires the third-party payer to do the collecting, reporting, and/or paying or depositing employment taxes on the sick pay. See section 6 of Pub. 15-A for more information about sick pay reporting.

9. Current quarter's adjustments for tips and group-term life insurance. Enter a negative adjustment 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.

See the General Instructions for Forms W-2 and W-3 for information on how to report the uncollected employee share of social security and Medicare taxes on tips and group-term life insurance on Form W-2.

Prior quarter's adjustments. If you need to correct any adjustment reported on a previously filed Form 941, complete and file Form 941-X. Form 941-X is an adjusted return or claim for refund and is filed separately from Form 941. See section 13 of Pub. 15.

10. Total Taxes After Adjustments

Combine the amounts shown on lines 6–9 and enter the result on line 10.

11. Qualified Small Business Payroll Tax Credit for Increasing Research Activities

Enter the amount of the credit from Form 8974, line 12 or, if applicable, line 17.



If you enter an amount on line 11, you must attach Form 8974. The December 2023 revision of Form 8974 instructs you to enter the amount from Form 8974, line 12 or, if applicable, line 17, on Form 941, line 11a. Instead, the amount from Form 8974, line 12 or, if applicable, line 17, should be entered on Form 941, line 11.

12. Total Taxes After Adjustments and Nonrefundable Credits

Subtract line 11 from line 10 and enter the result on line 12. The amount entered on line 12 can't be less than zero.

- **If line 12 is less than \$2,500 or line 12 on the prior quarterly return was less than \$2,500, and you didn't incur a \$100,000 next-day deposit obligation during the current quarter.** You may pay the amount with Form 941 or you may deposit the amount. To avoid a penalty, you must pay any amount you owe in full with a timely filed return or you must deposit any amount you owe before the due date of the return. For more information on paying with a timely filed return, see the instructions for [line 14](#), later.
- **If line 12 is \$2,500 or more and line 12 on the prior quarterly return was \$2,500 or more, or if you incurred a \$100,000 next-day deposit obligation during the current quarter.** You must make required deposits according to your deposit schedule. The amount shown on line 12 must equal the "Total liability for quarter" shown on line 16 or the "Total liability for the quarter"

shown on Schedule B (Form 941). For more information, see the [line 16](#) instructions, later.

For more information and rules about federal tax deposits, see [Depositing Your Taxes](#), earlier, and section 11 of Pub. 15.



If you're a semiweekly schedule depositor, you must complete Schedule B (Form 941). If you fail to complete and submit Schedule B (Form 941), the IRS may assess deposit penalties based on available information.

13. Total Deposits for This Quarter

Enter your deposits for this quarter, including any overpayment from a prior quarter that you applied to this return. Also include in the amount shown any overpayment that you applied from filing Form 941-X, 941-X (PR), or 944-X in the current quarter.

14. Balance Due

If line 12 is more than line 13, enter the difference on line 14. Otherwise, see the instructions for [line 15](#), later.

Never make an entry on both lines 14 and 15.

You don't have to pay if line 14 is under \$1. Generally, you should have a balance due only if your total taxes after adjustments and nonrefundable credits (line 12) for the current quarter or prior quarter are less than \$2,500, and you didn't incur a \$100,000 next-day deposit obligation during the current quarter. However, see section 11 of Pub. 15 for information about payments made under the accuracy of deposits rule.

If you were required to make federal tax deposits, pay the amount shown on line 14 by EFT. If you weren't required to make federal tax deposits (see [Must You Deposit Your Taxes](#), earlier) or you're a monthly schedule depositor making a payment under the accuracy of deposits rule, you may pay the amount shown on line 14 by EFT, credit card, debit card, check, money order, or EFW. For more information on electronic payment options, go to [IRS.gov/Payments](#).

If you pay by EFT, credit card, or debit card, file your return using the *Without a payment* address under [Where Should You File](#), earlier, and don't file Form 941-V, Payment Voucher.

If you pay by check or money order, make it payable to "United States Treasury." Enter your EIN, "Form 941," and the tax period ("1st Quarter 2024," "2nd Quarter 2024," "3rd Quarter 2024," or "4th Quarter 2024") on your check or money order. Complete Form 941-V and enclose it with Form 941.

If line 12 is \$2,500 or more on both your prior and current quarter Forms 941, and you've deposited all taxes when due, the balance due on line 14 should be zero.



If you're required to make deposits and instead pay the taxes with Form 941, you may be subject to a penalty. See [Must You Deposit Your Taxes](#), earlier.

What if you can't pay in full? If you can't pay the full amount of tax you owe, you can apply for an installment

agreement online. You can apply for an installment agreement online if:

- You can't pay the full amount shown on line 14,
- The total amount you owe is \$25,000 or less, and
- You can pay the liability in full in 24 months.

To apply using the Online Payment Agreement Application, go to [IRS.gov/OPA](https://www.irs.gov/OPA).

Under an installment agreement, you can pay what you owe in monthly installments. There are certain conditions you must meet to enter into and maintain an installment agreement, such as paying the liability within 24 months, and making all required deposits and timely filing tax returns during the length of the agreement.

If your installment agreement is accepted, you will be charged a fee and you will be subject to penalties and interest on the amount of tax not paid by the due date of the return.

15. Overpayment

If line 13 is more than line 12, enter the difference on line 15.

Never make an entry on both lines 14 and 15.

If you deposited more than the correct amount for the quarter, you can choose to have the IRS either refund the overpayment or apply it to your next return. Check only one box on line 15. If you don't check either box or if you check both boxes, we will generally apply the overpayment to your next return. Regardless of any boxes you check or don't check on line 15, we may apply your overpayment to any past due tax account that is shown in our records under your EIN.

If line 15 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.

Part 2: Tell Us About Your Deposit Schedule and Tax Liability for This Quarter

16. Tax Liability for the Quarter

Check one of the boxes on line 16. Follow the instructions for each box to determine if you need to enter your monthly tax liability on Form 941 or your daily tax liability on Schedule B (Form 941).

De minimis exception. If line 12 is less than \$2,500 or line 12 on the prior quarterly return was less than \$2,500, and you didn't incur a \$100,000 next-day deposit obligation during the current quarter, check the first box on line 16 and go to Part 3.



If you meet the de minimis exception based on the prior quarter and line 12 for the current quarter is \$100,000 or more, you must provide a record of your federal tax liability. If you're a monthly schedule depositor, complete the deposit schedule on line 16. If you're a semiweekly schedule depositor, attach Schedule B (Form 941).

Monthly schedule depositor. If you reported \$50,000 or less in taxes during the lookback period, you're a monthly schedule depositor unless the \$100,000 Next-Day Deposit Rule discussed in section 11 of Pub. 15 applies.

Check the second box on line 16 and enter your tax liability for each month in the quarter. Enter your tax liabilities in the month that corresponds to the dates you paid wages to your employees, not the date payroll liabilities were accrued or deposits were made. Add the amounts for each month. Enter the result in the "Total liability for quarter" box.

Note that your total tax liability for the quarter must equal your total taxes shown on line 12. If it doesn't, your tax deposits and payments may not be counted as timely. Don't change your tax liability on line 16 by adjustments reported on any Forms 941-X.

You're a monthly schedule depositor for the calendar year if the amount of your Form 941 taxes reported for the lookback period is \$50,000 or less. The lookback period is the 4 consecutive quarters ending on June 30 of the prior year. For 2024, the lookback period begins July 1, 2022, and ends June 30, 2023. For details on the deposit rules, see section 11 of Pub. 15. If you filed Form 944 in either 2022 or 2023, your lookback period is the 2022 calendar year.



The amounts entered on line 16 are a summary of your monthly tax liability, not a summary of deposits you made. If you don't properly report your liabilities when required or if you're a semiweekly schedule depositor and enter your liabilities on line 16 instead of on Schedule B (Form 941), you may be assessed an "averaged" FTD penalty. See Deposit Penalties in section 11 of Pub. 15 for more information.

Reporting adjustments from lines 7–9 on line 16. If your net adjustment during a month is negative and it exceeds your total tax liability for the month, don't enter a negative amount for the month. Instead, enter "-0-" for the month and carry over the unused portion of the adjustment to the next month.

Semiweekly schedule depositor. If you reported more than \$50,000 of taxes for the lookback period, you're a semiweekly schedule depositor. Check the third box on line 16.

You must complete Schedule B (Form 941) and submit it with your Form 941. Don't file Schedule B (Form 941) with your Form 941 if you're a monthly schedule depositor.

Don't change your tax liability on Schedule B (Form 941) by adjustments reported on any Forms 941-X.

Adjusting tax liability for the qualified small business payroll tax credit for increasing research activities (line 11). Monthly schedule depositors and semiweekly schedule depositors must account for the qualified small business payroll tax credit for increasing research activities (line 11) when reporting their tax liabilities on line 16 or Schedule B (Form 941). The total tax liability for the quarter must equal the amount reported on line 12. Failure to account for the qualified small business payroll tax credit for increasing research activities on line 16 or Schedule B (Form 941) may cause line 16 or Schedule B (Form 941) to report more than the total tax liability reported on line 12. Don't reduce your monthly tax liability reported on line 16 or your daily tax liability reported on Schedule B (Form 941) below zero.

Beginning with the first quarter of 2023, the qualified small business payroll tax credit for increasing research activities is first used to reduce the employer share of social security tax (up to \$250,000) for the quarter and any remaining credit is then used to reduce the employer share of Medicare tax for the quarter until it reaches zero. In completing line 16 or Schedule B (Form 941), you take into account the payroll tax credit against the liability for the employer share of social security tax starting with the first payroll payment of the quarter that includes payments of wages subject to social security tax to your employees until you use up to \$250,000 of credit against the employer share of social security tax and you then take into account any remaining payroll tax credit against the liability for the employer share of Medicare tax starting with the first payroll payment of the quarter that includes payments of wages subject to Medicare tax to employees. Consistent with the entries on line 16 or Schedule B (Form 941), the payroll tax credit should be taken into account in making deposits of employment tax. If any payroll tax credit is remaining at the end of the quarter that hasn't been used completely because it exceeds \$250,000 of the employer share of social security tax and the employer share of Medicare tax for the quarter, the excess credit may be carried forward to the succeeding quarter and allowed as a payroll tax credit for the succeeding quarter. The payroll tax credit may not be taken as a credit against income tax withholding, the employee share of social security tax, or the employee share of Medicare tax. Also, the remaining payroll tax credit may not be carried back and taken as a credit against wages paid from preceding quarters.

Example. Rose Co. is an employer with a calendar tax year that filed its timely 2023 income tax return on April 15, 2024. Rose Co. elected to take the qualified small business payroll tax credit for increasing research activities on Form 6765. The third quarter of 2024 is the first quarter that begins after Rose Co. filed the income tax return making the payroll tax credit election. Therefore, the payroll tax credit applies against Rose Co.'s share of social security tax (up to \$250,000) and Medicare tax on wages paid to employees in the third quarter of 2024. Rose Co. is a semiweekly schedule depositor. Rose Co. completes Schedule B (Form 941) by reducing the amount of liability entered for the first payroll payment in the third quarter of 2024 that includes wages subject to social security tax by the lesser of (1) its share of social security tax (up to \$250,000) on the wages, or (2) the available payroll tax credit. If the payroll tax credit elected is more than Rose Co.'s share of social security tax on the first payroll payment of the quarter, the excess payroll tax credit would be carried forward to succeeding payroll payments in the third quarter until it is used against up to \$250,000 of Rose Co.'s share of social security tax for the quarter. If the amount of the payroll tax credit exceeds Rose Co.'s share of social security tax (up to \$250,000) on wages paid to its employees in the third quarter, any remaining credit is used against Rose Co.'s share of Medicare tax on the first payroll payment of the quarter and then the excess payroll tax credit would be carried forward to succeeding payroll payments in the third quarter until it is used against Rose Co.'s share of Medicare tax for the quarter. If Rose Co. still has credit

remaining after reducing its share of social security tax (up to \$250,000) and Medicare tax for the third quarter, the remainder would be treated as a payroll tax credit against its share of social security tax (up to \$250,000) and Medicare tax on wages paid in the fourth quarter. If the amount of the payroll tax credit remaining exceeded Rose Co.'s share of social security tax (up to \$250,000) and Medicare tax on wages paid in the fourth quarter, it could be carried forward and treated as a payroll tax credit for the first quarter of 2025.

Part 3: Tell Us About Your Business

In Part 3, answer only those questions that apply to your business. If the questions don't apply, leave them blank and go to Part 4.

17. If Your Business Has Closed . . .

If you go out of business or stop paying wages, you must file a final return. To tell the IRS that a particular Form 941 is your final return, check the box on line 17 and enter the final date you paid wages in the space provided. For additional filing requirements, including information about attaching a statement to your final return, see [If Your Business Has Closed](#), earlier.

18. If You're a Seasonal Employer . . .

If you hire employees seasonally—such as for summer or winter only—check the box on line 18. Checking the box tells the IRS not to expect four Forms 941 from you throughout the year because you haven't paid wages regularly.

Generally, we won't ask about unfiled returns if at least one taxable return is filed each year. However, you must check the box on line 18 on every Form 941 you file. Otherwise, the IRS will expect a return to be filed for each quarter.

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

Part 4: May We Speak With Your Third-Party Designee?

If you want to allow an employee, a paid tax preparer, or another person to discuss your Form 941 with the IRS, check the "Yes" box in Part 4. Enter the name, phone number, and five-digit personal identification number (PIN) of the specific person to speak with—not the name of the firm that prepared your tax return. The designee may choose any five numbers as their 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 do all of the following.

- Give us any information that is missing from your return.
- Call us for information about processing your return.
- Respond to certain IRS notices that you've shared with your designee about math errors and return preparation. The IRS won't send notices to your designee.

You're 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.

The authorization will automatically expire 1 year from the due date (without regard to extensions) for filing your Form 941. If you or your designee wants to terminate the authorization, write to the IRS office for your location using the *Without a payment* address under [Where Should You File](#), earlier.

Part 5: Sign Here (Approved Roles)

Complete all information and sign Form 941. The following persons are authorized to sign the return for each type of business entity.

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

Form 941 may 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 by rubber stamp, mechanical device, or computer software program. For details and required documentation, see Rev. Proc. 2005-39, 2005-28 I.R.B. 82, available at [IRS.gov/irb/2005-28_IRB#RP-2005-39](#).

Paid Preparer Use Only

A paid preparer must sign Form 941 and provide the information in the *Paid Preparer Use Only* section of Part 5

if the preparer was paid to prepare Form 941 and isn't an employee of the filing entity. Paid preparers must sign paper returns with a manual signature. The preparer must give you a copy of the return in addition to the copy to be filed with the IRS.

If you're a paid preparer, enter your Preparer Tax Identification Number (PTIN) in the space provided. Include your complete address. If you work for a firm, enter the firm's name and the EIN of the firm. You can apply for a PTIN online or by filing Form W-12. For more information about applying for a PTIN online, go to [IRS.gov/PTIN](#). You can't use your PTIN in place of the EIN of the tax preparation firm.

Generally, don't complete this section if you're filing the return as a reporting agent and have a valid Form 8655 on file with the IRS. However, a reporting agent must complete this section if the reporting agent offered legal advice, for example, advising the client on determining whether its workers are employees or independent contractors for federal tax purposes.

How To Get Forms, Instructions, and Publications



You can view, download, or print most of the forms, instructions, and publications you may need at [IRS.gov/Forms](#). Otherwise, you can go to [IRS.gov/OrderForms](#) to place an order and have them mailed to you. The IRS will process your order for forms and publications as soon as possible. Don't resubmit requests you've already sent us. You can get forms and publications faster online.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on these forms to carry out the Internal Revenue laws of the United States. You're required to give us the 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. Section 6011 requires you to provide the requested information if the tax is applicable to you. Section 6109 requires you to provide your identification number. 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 section 6103. However, section 6103 allows or requires the IRS to disclose or give the information shown on your tax return to others as described in the Code. For example, we may disclose your tax information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and territories for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

Estimates of taxpayer burden. These estimates include forms in the Form 941 series, including attachments; Forms CT-1, CT-2, SS-8, W-2, W-3, 940, 945, 2032, 2678, 8027, 8027-T, 8453-EMP, 8850, 8879-EMP, 8922, 8952, and 8974, and their schedules; and all the forms employers attach to employment-related tax returns and related wage statements to employees.

The following table shows burden estimates based on current statutory requirements as of April 15, 2023, for employers filing employment tax reporting forms and wage statement forms. Time spent and out-of-pocket costs are presented separately. Time burden is the time spent to comply with employer reporting responsibilities, including recordkeeping, preparing and submitting forms, and preparing and providing wage statements to employees. Out-of-pocket costs ("money") include any expenses incurred to comply with employer reporting responsibilities. The amount of taxes paid isn't included in reporting burden.

The time and money burden reported below includes all associated forms and schedules, across all tax return preparation methods and employer reporting. They are national averages and don't necessarily reflect a "typical" employer's reporting burden. Most employers experience lower than average burden, with burden varying considerably by the number of Forms W-2 that an employer files. For instance, the estimated average burden for an employer who issues four Forms W-2 is 63 hours (15.8 hours x 4) and \$2,304 (\$576 x 4). The estimated average burden for a large employer who issues 2,000 Forms W-2 is 800 hours (2,000 x 0.4) and \$28,000 (2,000 x \$14).

Annual Average Burden

	Total Time (hours)	Recordkeeping Time (hours)	Time Spent on W-2 Activities (hours)	All Other Time (hours)	Out-of-Pocket Costs	Total Monetized Burden*
Filers with Form 941	65	19	4	42	\$2,710	\$4,799
Filers with Form 943	57	16	6	35	\$935	\$1,955
Filers with Form 944	24	4	3	18	\$368	\$619

*Total monetized burden = Monetized hours + Out-of-pocket costs.

Annual Average Burden per Employee by Number of Employees (Form W-2 Count)

Number of Employees	Total Time (hours)	Out-of-Pocket Costs	Total Monetized Burden*
All	10.7	\$404	\$700
1 to 5	15.8	\$576	\$998
6 to 10	5.9	\$264	\$444
11 to 25	4.4	\$190	\$327
26 to 50	3.5	\$126	\$237
51 to 100	2.7	\$97	\$185
101 to 250	1.8	\$90	\$159
251 to 500	1.3	\$70	\$119
501 to 1,000	0.8	\$48	\$79
Over 1,000	0.4	\$14	\$28
Filers with Form 941	10.5	\$408	\$705
Filers with Form 943	19.2	\$269	\$562
Filers with Form 944	12	\$198	\$334

*Total monetized burden = Monetized hours + Out-of-pocket costs.

Comments. If you have comments concerning the accuracy of these time estimates or suggestions for making Form 941 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 Form 941 to this address. Instead, see [Where Should You File](#), earlier.

Employer identification number (EIN) -

Name (not your trade name)

Trade name (if any)

Address

<input type="text"/>	<input type="text"/>	<input type="text"/>
Number	Street	Suite or room number
<input type="text"/>	<input type="text"/>	<input type="text"/>
City	State	ZIP code
<input type="text"/>	<input type="text"/>	<input type="text"/>
Foreign country name	Foreign province/county	Foreign postal code

Return You're Correcting...

Check the type of return you're correcting.

- 941
 941-SS

Check the ONE quarter you're correcting.

- 1: January, February, March
 2: April, May, June
 3: July, August, September
 4: October, November, December

Enter the calendar year of the quarter you're correcting.

(YYYY)

Enter the date you discovered errors.

/ /
 (MM / DD / YYYY)

Read the separate instructions before completing this form. Use this form to correct errors you made on Form 941 or 941-SS. Use a separate Form 941-X for each quarter that needs correction. Type or print within the boxes. You MUST complete all five pages. Don't attach this form to Form 941 unless you're reclassifying workers; see the instructions for line 42.

Part 1: Select ONLY one process. See page 6 for additional guidance, including information on how to treat employment tax credits.

1. **Adjusted employment tax return.** Check this box if you underreported tax amounts. Also check this box if you overreported tax amounts and you would like to use the adjustment process to correct the errors. You must check this box if you're correcting both underreported and overreported tax amounts on this form. The amount shown on line 27, if less than zero, may only be applied as a credit to your Form 941 or Form 944 for the tax period in which you're filing this form.
2. **Claim.** Check this box if you overreported tax amounts only and you would like to use the claim process to ask for a refund or abatement of the amount shown on line 27. Don't check this box if you're correcting ANY underreported tax amounts on this form.

Part 2: Complete the certifications.

3. **I certify that I've filed or will file Forms W-2, Wage and Tax Statement, or Forms W-2c, Corrected Wage and Tax Statement, as required.**

Note: If you're correcting underreported tax amounts only, go to Part 3 on page 2 and skip lines 4 and 5. If you're correcting overreported tax amounts, for purposes of the certifications on lines 4 and 5, Medicare tax doesn't include Additional Medicare Tax. Form 941-X can't be used to correct overreported amounts of Additional Medicare Tax unless the amounts weren't withheld from employee wages or an adjustment is being made for the current year.

4. **If you checked line 1 because you're adjusting overreported federal income tax, social security tax, Medicare tax, or Additional Medicare Tax, check all that apply.** You must check at least one box.

I certify that:

- a. I repaid or reimbursed each affected employee for the overcollected federal income tax or Additional Medicare Tax for the current year and the overcollected social security tax and Medicare tax for current and prior years. For adjustments of employee social security tax and Medicare tax overcollected in prior years, I have a written statement from each affected employee stating that they haven't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
- b. The adjustments of social security tax and Medicare tax are for the employer's share only. I couldn't find the affected employees or each affected employee didn't give me a written statement that they haven't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
- c. The adjustment is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that I didn't withhold from employee wages.

5. **If you checked line 2 because you're claiming a refund or abatement of overreported federal income tax, social security tax, Medicare tax, or Additional Medicare Tax, check all that apply.** You must check at least one box.

I certify that:

- a. I repaid or reimbursed each affected employee for the overcollected social security tax and Medicare tax. For claims of employee social security tax and Medicare tax overcollected in prior years, I have a written statement from each affected employee stating that they haven't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
- b. I have a written consent from each affected employee stating that I may file this claim for the employee's share of social security tax and Medicare tax. For refunds of employee social security tax and Medicare tax overcollected in prior years, I also have a written statement from each affected employee stating that they haven't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
- c. The claim for social security tax and Medicare tax is for the employer's share only. I couldn't find the affected employees, or each affected employee didn't give me a written consent to file a claim for the employee's share of social security tax and Medicare tax, or each affected employee didn't give me a written statement that they haven't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
- d. The claim is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that I didn't withhold from employee wages.

Name (not your trade name)	Employer identification number (EIN)	Correcting quarter (1, 2, 3, 4)
		Correcting calendar year (YYYY)

Part 3: Enter the corrections for this quarter. If any line doesn't apply, leave it blank.

	Column 1 Total corrected amount (for ALL employees)	Column 2 Amount originally reported or as previously corrected (for ALL employees)	Column 3 Difference (If this amount is a negative number, use a minus sign.)	Column 4 Tax correction
6. Wages, tips, and other compensation (Form 941, line 2)	<input type="text"/>	<input type="text"/>	<input type="text"/>	Use the amount in Column 1 when you prepare your Forms W-2 or Forms W-2c.
7. Federal income tax withheld from wages, tips, and other compensation (Form 941, line 3)	<input type="text"/>	<input type="text"/>	<input type="text"/>	Copy Column 3 here . . . <input type="text"/>
8. Taxable social security wages (Form 941 or 941-SS, line 5a, Column 1)	<input type="text"/>	<input type="text"/>	<input type="text"/>	$\times 0.124^*$ = <input type="text"/>
				* If you're correcting your employer share only, use 0.062. See instructions.
9. Qualified sick leave wages* (Form 941 or 941-SS, line 5a(i), Column 1)	<input type="text"/>	<input type="text"/>	<input type="text"/>	$\times 0.062$ = <input type="text"/>
				* Use line 9 only for qualified sick leave wages paid after March 31, 2020, for leave taken before April 1, 2021.
10. Qualified family leave wages* (Form 941 or 941-SS, line 5a(ii), Column 1)	<input type="text"/>	<input type="text"/>	<input type="text"/>	$\times 0.062$ = <input type="text"/>
				* Use line 10 only for qualified family leave wages paid after March 31, 2020, for leave taken before April 1, 2021.
11. Taxable social security tips (Form 941 or 941-SS, line 5b, Column 1)	<input type="text"/>	<input type="text"/>	<input type="text"/>	$\times 0.124^*$ = <input type="text"/>
				* If you're correcting your employer share only, use 0.062. See instructions.
12. Taxable Medicare wages & tips (Form 941 or 941-SS, line 5c, Column 1)	<input type="text"/>	<input type="text"/>	<input type="text"/>	$\times 0.029^*$ = <input type="text"/>
				* If you're correcting your employer share only, use 0.0145. See instructions.
13. Taxable wages & tips subject to Additional Medicare Tax withholding (Form 941 or 941-SS, line 5d)	<input type="text"/>	<input type="text"/>	<input type="text"/>	$\times 0.009^*$ = <input type="text"/>
				* Certain wages and tips reported in Column 3 shouldn't be multiplied by 0.009. See instructions.
14. Section 3121(q) Notice and Demand—Tax due on unreported tips (Form 941 or 941-SS, line 5f)	<input type="text"/>	<input type="text"/>	<input type="text"/>	Copy Column 3 here . . . <input type="text"/>
15. Tax adjustments (Form 941 or 941-SS, lines 7 through 9)	<input type="text"/>	<input type="text"/>	<input type="text"/>	Copy Column 3 here . . . <input type="text"/>
16. Qualified small business payroll tax credit for increasing research activities (See instructions; you must attach Form 8974.)	<input type="text"/>	<input type="text"/>	<input type="text"/>	See Instructions <input type="text"/>
17. Nonrefundable portion of credit for qualified sick and family leave wages for leave taken before April 1, 2021 (Form 941 or 941-SS, line 11b)	<input type="text"/>	<input type="text"/>	<input type="text"/>	See Instructions <input type="text"/>
18a. Nonrefundable portion of employee retention credit* (Form 941 or 941-SS, line 11c)	<input type="text"/>	<input type="text"/>	<input type="text"/>	See Instructions <input type="text"/>
				* Use line 18a only for corrections to quarters beginning after March 31, 2020, and before January 1, 2022.
18b. Nonrefundable portion of credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 11d)	<input type="text"/>	<input type="text"/>	<input type="text"/>	See Instructions <input type="text"/>
18c. Nonrefundable portion of COBRA premium assistance credit (Form 941 or 941-SS, line 11e)	<input type="text"/>	<input type="text"/>	<input type="text"/>	See Instructions <input type="text"/>
18d. Number of individuals provided COBRA premium assistance (Form 941 or 941-SS, line 11f)	<input type="text"/>	<input type="text"/>	<input type="text"/>	
19. Special addition to wages for federal income tax	<input type="text"/>	<input type="text"/>	<input type="text"/>	See Instructions <input type="text"/>
20. Special addition to wages for social security taxes	<input type="text"/>	<input type="text"/>	<input type="text"/>	See Instructions <input type="text"/>
21. Special addition to wages for Medicare taxes	<input type="text"/>	<input type="text"/>	<input type="text"/>	See Instructions <input type="text"/>

Part 3: Enter the corrections for this quarter. If any line doesn't apply, leave it blank. (continued)

	Column 1 <i>Total corrected amount (for ALL employees)</i>	-	Column 2 <i>Amount originally reported or as previously corrected (for ALL employees)</i>	=	Column 3 <i>Difference (If this amount is a negative number, use a minus sign.)</i>		Column 4 <i>Tax correction</i>
22. Special addition to wages for Additional Medicare Tax	.		.		.	See Instructions	.
23. Combine the amounts on lines 7 through 22 of Column 4							.
24. Reserved for future use
25. Refundable portion of credit for qualified sick and family leave wages for leave taken before April 1, 2021 (Form 941 or 941-SS, line 13c)	.		.		.	See Instructions	.
26a. Refundable portion of employee retention credit* (Form 941 or 941-SS, line 13d)	.		.		.	See Instructions	.
<small>* Use line 26a only for corrections to quarters beginning after March 31, 2020, and before January 1, 2022.</small>							
26b. Refundable portion of credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 13e)	.		.		.	See Instructions	.
26c. Refundable portion of COBRA premium assistance credit (Form 941 or 941-SS, line 13f)	.		.		.	See Instructions	.
27. Total. Combine the amounts on lines 23 through 26c of Column 4							.
If line 27 is less than zero:							
• If you checked line 1, this is the amount you want applied as a credit to your Form 941 for the tax period in which you're filing this form. (If you're currently filing a Form 944, Employer's ANNUAL Federal Tax Return, see the instructions.)							
• If you checked line 2, this is the amount you want refunded or abated.							
If line 27 is more than zero, this is the amount you owe. Pay this amount by the time you file this return. For information on how to pay, see <i>Amount you owe</i> in the instructions.							
28. Qualified health plan expenses allocable to qualified sick leave wages for leave taken before April 1, 2021 (Form 941 or 941-SS, line 19)	.		.		.		
29. Qualified health plan expenses allocable to qualified family leave wages for leave taken before April 1, 2021 (Form 941 or 941-SS, line 20)	.		.		.		
30. Qualified wages for the employee retention credit* (Form 941 or 941-SS, line 21)	.		.		.		
<small>* Use line 30 only for corrections to quarters beginning after March 31, 2020, and before January 1, 2022.</small>							
31a. Qualified health plan expenses for the employee retention credit* (Form 941 or 941-SS, line 22)	.		.		.		
<small>* Use line 31a only for corrections to quarters beginning after March 31, 2020, and before January 1, 2022.</small>							
31b. Check here if you're eligible for the employee retention credit in the third or fourth quarter of 2021 solely because your business is a recovery startup business							<input type="checkbox"/>
32. Credit from Form 5884-C, line 11, for this quarter* (Form 941 or 941-SS, line 23)	.		.		.		
<small>* Use line 32 only for corrections to quarters beginning after March 31, 2020, and before April 1, 2021.</small>							

Name (not your trade name)	Employer identification number (EIN)	Correcting quarter (1, 2, 3, 4)
		Correcting calendar year (YYYY)

Part 3: Enter the corrections for this quarter. If any line doesn't apply, leave it blank. (continued)

	Column 1 Total corrected amount (for ALL employees)	–	Column 2 Amount originally reported or as previously corrected (for ALL employees)	=	Column 3 Difference (If this amount is a negative number, use a minus sign.)
33a. Reserved for future use	<input type="text"/>	–	<input type="text"/>	=	<input type="text"/>
33b. Reserved for future use	<input type="text"/>	–	<input type="text"/>	=	<input type="text"/>
34. Reserved for future use	<input type="text"/>	–	<input type="text"/>	=	<input type="text"/>
Caution: Lines 35–40 apply only to quarters beginning after March 31, 2021.					
35. Qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 23)	<input type="text"/>	–	<input type="text"/>	=	<input type="text"/>
36. Qualified health plan expenses allocable to qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 24)	<input type="text"/>	–	<input type="text"/>	=	<input type="text"/>
37. Amounts under certain collectively bargained agreements allocable to qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 25)	<input type="text"/>	–	<input type="text"/>	=	<input type="text"/>
38. Qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 26)	<input type="text"/>	–	<input type="text"/>	=	<input type="text"/>
39. Qualified health plan expenses allocable to qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 27)	<input type="text"/>	–	<input type="text"/>	=	<input type="text"/>
40. Amounts under certain collectively bargained agreements allocable to qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 28)	<input type="text"/>	–	<input type="text"/>	=	<input type="text"/>

Name (not your trade name)	Employer identification number (EIN)	Correcting quarter (1, 2, 3, 4)
		Correcting calendar year (YYYY)

Part 4: Explain your corrections for this quarter.

- 41. Check here if any corrections you entered on a line include both underreported and overreported amounts. Explain both your underreported and overreported amounts on line 43.
- 42. Check here if any corrections involve reclassified workers. Explain on line 43.
- 43. You must give us a detailed explanation of how you determined your corrections. See the instructions.

Part 5: Sign here. You must complete all five pages of this form and sign it.

Under penalties of perjury, I declare that I have filed an original Form 941 or Form 941-SS and that I have examined this adjusted return or claim, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign your name here		Print your name here	
		Print your title here	
Date	/ /	Best daytime phone	

Paid Preparer Use Only		Check if you're self-employed <input type="checkbox"/>
Preparer's name		PTIN
Preparer's signature		Date
Firm's name (or yours if self-employed)		EIN
Address		Phone
City		State
		ZIP code

Form 941-X: Which process should you use?

Unless otherwise specified in the separate instructions, an underreported employment tax credit should be treated like an overreported tax amount. An overreported employment tax credit should be treated like an underreported tax amount. For more information, including which process to select on lines 1 and 2, see *Correcting an employment tax credit* in the separate instructions.

Type of errors
you're correcting

**Underreported
tax amounts
ONLY**

Use the adjustment process to correct underreported tax amounts.

- Check the box on line 1.
- Pay the amount you owe from line 27 by the time you file Form 941-X.

**Overreported
tax amounts
ONLY**

The process you use depends on **when** you file Form 941-X.

If you're filing Form 941-X MORE THAN 90 days before the period of limitations on credit or refund for Form 941 or Form 941-SS expires...

Choose either the adjustment process or the claim process to correct the overreported tax amounts.
Choose the adjustment process if you want the amount shown on line 27 credited to your Form 941 or Form 944 for the period in which you file Form 941-X. Check the box on line 1.

OR

Choose the claim process if you want the amount shown on line 27 refunded to you or abated. Check the box on line 2.

If you're filing Form 941-X WITHIN 90 days of the expiration of the period of limitations on credit or refund for Form 941 or Form 941-SS...

You must use the **claim process** to correct the overreported tax amounts. Check the box on line 2.

**BOTH
underreported
and
overreported
tax amounts**

The process you use depends on **when** you file Form 941-X.

If you're filing Form 941-X MORE THAN 90 days before the period of limitations on credit or refund for Form 941 or Form 941-SS expires...

Choose either the adjustment process or both the adjustment process and the claim process when you correct both underreported and overreported tax amounts.

Choose the adjustment process if combining your underreported tax amounts and overreported tax amounts results in a balance due or creates a credit that you want applied to Form 941 or Form 944.

- File one Form 941-X, and
- Check the box on line 1 and follow the instructions on line 27.

OR

Choose both the adjustment process and the claim process if you want the overreported tax amount refunded to you or abated.

File two separate forms.

- 1. For the adjustment process**, file one Form 941-X to correct the underreported tax amounts. Check the box on line 1. Pay the amount you owe from line 27 by the time you file Form 941-X.
- 2. For the claim process**, file a second Form 941-X to correct the overreported tax amounts. Check the box on line 2.

If you're filing Form 941-X WITHIN 90 days of the expiration of the period of limitations on credit or refund for Form 941 or Form 941-SS...

You must use **both the adjustment process and the claim process**.

File two separate forms.

- 1. For the adjustment process**, file one Form 941-X to correct the underreported tax amounts. Check the box on line 1. Pay the amount you owe from line 27 by the time you file Form 941-X.
- 2. For the claim process**, file a second Form 941-X to correct the overreported tax amounts. Check the box on line 2.

Instructions for Form 941-X



Department of the Treasury
Internal Revenue Service

(Rev. April 2024)

Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund

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

Contents	Page
General Instructions: Understanding Form 941-X	5
What Is the Purpose of Form 941-X?	5
Where Can You Get Help?	6
When Should You File Form 941-X?	6
Is There a Deadline for Filing Form 941-X?	7
Where Should You File Form 941-X?	7
How Should You Complete Form 941-X?	7
Overview of the Process	8
Specific Instructions:	9
Part 1: Select ONLY One Process	9
Part 2: Complete the Certifications	9
Part 3: Enter the Corrections for This Quarter	11
Part 4: Explain Your Corrections for This Quarter	26
Part 5: Sign Here	26
Worksheet 1. Adjusted Credit for Qualified Sick and Family Leave Wages for Leave Taken After March 31, 2020, and Before April 1, 2021	28
Worksheet 2. Adjusted Employee Retention Credit for Qualified Wages Paid After March 12, 2020, and Before July 1, 2021	29
Worksheet 3. Adjusted Credit for Qualified Sick and Family Leave Wages for Leave Taken After March 31, 2021, and Before October 1, 2021	30
Worksheet 4. Adjusted Employee Retention Credit for Qualified Wages Paid After June 30, 2021, and Before January 1, 2022	31
Worksheet 5. Adjusted COBRA Premium Assistance Credit	32
How Can You Get Forms, Instructions, and Publications From the IRS?	32

Future Developments

For the latest information about developments related to Form 941-X and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form941X](https://www.irs.gov/Form941X).

TIP You may use these instructions and the April 2024 revision of Form 941-X for all years for which the period of limitations on corrections hasn't expired. Before you proceed with these instructions and completing Form 941-X, you'll need a copy of the Instructions for Form 941 for the quarter that you're correcting because these instructions don't repeat all of the information included in the Instructions for Form 941. For example, these instructions don't discuss who is eligible to claim the credit for qualified sick and family leave wages, the employee retention credit, or the COBRA premium assistance credit. Prior revisions of the

Instructions for Form 941 are available at [IRS.gov/Form941](https://www.irs.gov/Form941) (select the link for "All Form 941 revisions" under "Other items you may find useful").

What's New

Period of limitations to make certain corrections expired; Form 941-X, lines 24, 33a, 33b, and 34 are now reserved for future use. Lines 24, 33a, 33b, and 34 are now reserved for future use because the period of limitations for correcting these lines has generally expired for most employers. Generally, you may correct overreported taxes on a previously filed Form 941 if you file Form 941-X within 3 years of the date Form 941 was filed or 2 years from the date you paid the tax reported on Form 941, whichever is later. You may correct underreported taxes on a previously filed Form 941 if you file Form 941-X within 3 years of the date the Form 941 was filed. We call each of these time frames a period of limitations. For purposes of the period of limitations, Forms 941 for a calendar year are considered filed on April 15 of the succeeding year if filed before that date. For an example of the period of limitations, see [Is There a Deadline for Filing Form 941-X](#), later. Other lines that can still be used where the period of limitations may have expired remain on Form 941-X because the lines are also used to make corrections for quarters on which the period of limitations hasn't expired (for example, lines 18a and 26a). Therefore, before using any line on Form 941-X, you must consider if the period of limitations, as described above, is still open for the quarter that you're correcting.

Lines 24 and 33b were previously used to correct the deferred amount of the employer share of social security tax for the second, third, and fourth quarters of 2020 and/or the deferred amount of the employee share of social security tax for the third and fourth quarters of 2020. The period of limitations for making corrections to the deferred amount of the employer or employee share of social security tax generally expired for most employers on April 15, 2024. These instructions no longer discuss these deferrals. If you think that the period of limitations is still open for correcting your second, third, or fourth quarter 2020 Form 941, you can still file the April 2023 revision of Form 941-X to use lines 24 and 33b.

Lines 33a and 34 were used only when correcting qualified wages paid March 13 through March 31, 2020, for the employee retention credit and qualified health plan expenses allocable to those wages on a Form 941 filed for the second quarter of 2020. The period of limitations for making corrections to qualified wages paid March 13 through March 31, 2020, for the employee retention credit and qualified health plan expenses allocable to those wages generally expired for most employers on April 15, 2024. These instructions no longer discuss these lines. However, other references to the period March 13 through

March 31, 2020 (for example, in the instructions for line 18a and Worksheet 2), are retained in these instructions as the generally applicable period of qualified wages paid for the employee retention credit. If you think that the period of limitations is still open for correcting your second quarter 2020 Form 941, you can still file the April 2023 revision of Form 941-X to use lines 33a and 34.

The COVID-19 related credit for qualified sick and family leave wages is limited to leave taken after March 31, 2020, and before October 1, 2021, and can no longer be claimed on Form 941. Generally, the credit for qualified sick and family leave wages, as enacted under the Families First Coronavirus Response Act (FFCRA) and amended and extended by the COVID-related Tax Relief Act of 2020, for leave taken after March 31, 2020, and before April 1, 2021, and the credit for qualified sick and family leave wages under sections 3131, 3132, and 3133 of the Internal Revenue Code, as enacted under the American Rescue Plan Act of 2021 (the ARP), for leave taken after March 31, 2021, and before October 1, 2021, have expired. However, employers that pay qualified sick and family leave wages in 2024 for leave taken after March 31, 2020, and before October 1, 2021, are eligible to claim a credit for qualified sick and family leave wages in 2024. Effective for tax periods beginning after December 31, 2023, the lines used to claim the credit for qualified sick and family leave wages were removed from Form 941 because it would be extremely rare for an employer to pay wages in 2024 for qualified sick and family leave taken after March 31, 2020, and before October 1, 2021. Instead, if you're eligible to claim the credit for qualified sick and family leave wages because you paid the wages in 2024 for an earlier applicable leave period, file Form 941-X after filing Form 941, to claim the credit for qualified sick and family leave wages paid in 2024. Filing a Form 941-X before filing a Form 941 for the quarter may result in errors or delays in processing your Form 941-X.

You will also continue to use Form 941-X to make corrections to the credit for qualified sick and family leave wages for earlier quarters if the period of limitations is still open. Corrections to amounts reported on Form 941, lines 5a(i), 5a(ii), 11b, 13c, 19, and 20, for the credit for qualified sick and family leave wages for leave taken after March 31, 2020, and before April 1, 2021, are reported on Form 941-X, lines 9, 10, 17, 25, 28, and 29, respectively. Corrections to amounts reported on Form 941, lines 11d, 13e, 23, 24, 25, 26, 27, and 28, for the credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021, are reported on Form 941-X, lines 18b, 26b, 35, 36, 37, 38, 39, and 40, respectively.

Form 941-SS discontinued after 2023. 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, was discontinued after the fourth quarter of 2023. Instead, employers in these U.S. territories file Form 941 or, if you prefer your form and instructions in Spanish, you can file new Form 941 (sp). Form 941-X is still used to correct a Form 941-SS filed for the fourth quarter of 2023 and earlier quarters if the period of limitations is still open.

Form 941-PR discontinued after 2023. Form 941-PR, Planilla para la Declaración Federal TRIMESTRAL del Patrono, was discontinued after the fourth quarter of 2023. Instead, employers in Puerto Rico file Form 941 or, if you prefer your form and instructions in Spanish, you can file new Form 941 (sp). If you're correcting a Form 941-PR filed for the fourth quarter of 2023 or an earlier quarter, you should file Form 941-X (PR). However, you will use Form 941-X or Form 941-X (sp) to correct a Form 941 or Form 941 (sp), respectively, filed for the first quarter of 2024 or later quarters.

Electronically filing Form 941-X. Beginning sometime in 2024, the IRS expects to make filing an electronic Form 941-X available as part of Modernized e-File (MeF). Monitor IRS.gov for more information on availability.

Reminders

TIP *If a line on Form 941-X doesn't apply to you, leave it blank. If you're correcting a quarter that began before April 1, 2021, you must leave blank lines 18b, 18c, 18d, 26b, 26c, 35, 36, 37, 38, 39, and 40. If you're correcting a quarter that began before July 1, 2021, you must leave blank line 31b. If you're correcting a quarter that began after December 31, 2021, you must leave blank lines 18a, 26a, 30, 31a, and 31b.*

Qualified small business payroll tax credit for increasing research activities. For tax years beginning before January 1, 2023, a qualified small business may elect to claim up to \$250,000 of its credit for increasing research activities as a payroll tax credit. The Inflation Reduction Act of 2022 (the IRA) increases the election amount to \$500,000 for tax years beginning after December 31, 2022. The payroll tax credit election must be made on or before the due date of the originally filed income tax return (including extensions). The portion of the credit used against payroll taxes is allowed in the first calendar quarter beginning after the date that the qualified small business filed its income tax return. The election and determination of the credit amount that will be used against the employer's payroll taxes are made on Form 6765, Credit for Increasing Research Activities. The amount from Form 6765 must then be reported on Form 8974, Qualified Small Business Payroll Tax Credit for Increasing Research Activities.

For quarters beginning before January 1, 2023, the payroll tax credit can be used only against the employer share of social security tax for the quarter and any remaining credit is carried forward to the next quarter. Starting in the first quarter of 2023, the payroll tax credit is first used to reduce the employer share of social security tax up to \$250,000 per quarter and any remaining credit reduces the employer share of Medicare tax for the quarter. Any remaining credit, after reducing the employer share of social security tax and the employer share of Medicare tax, is then carried forward to the next quarter. Form 8974 is used to determine the amount of the credit that can be used in the current quarter. Corrections to this credit are made on Form 941-X, line 16. If you make a correction to Form 941-X, line 16, you must attach a corrected Form 8974. For more information, see the

Instructions for Form 8974 and go to [IRS.gov/ResearchPayrollITC](https://www.irs.gov/ResearchPayrollITC).

The COVID-19 related employee retention credit has expired. The employee retention credit enacted under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and amended and extended by the Taxpayer Certainty and Disaster Tax Relief Act of 2020 was limited to qualified wages paid after March 12, 2020, and before July 1, 2021. The employee retention credit under section 3134 of the Internal Revenue Code, as enacted by the ARP and amended by the Infrastructure Investment and Jobs Act, was limited to qualified wages paid after June 30, 2021, and before October 1, 2021, unless the employer was a recovery startup business. An employer that was a recovery startup business could also claim the employee retention credit for qualified wages paid after September 30, 2021, and before January 1, 2022. For more information about the employee retention credit, including the dates for which the credit may be claimed, go to [IRS.gov/ERC](https://www.irs.gov/ERC).

Corrections to amounts reported on Form 941, lines 11c, 13d, 21, and 22, for the employee retention credit are reported on Form 941-X, lines 18a, 26a, 30, and 31a, respectively, if the period of limitations is still open. However, how you figure the employee retention credit for qualified wages paid after March 12, 2020, and before July 1, 2021, is different from how you figure the credit for qualified wages paid after June 30, 2021, and before January 1, 2022. Also, for corrections to qualified wages paid after June 30, 2021, you may need to complete line 31b to tell us if you're eligible for the employee retention credit solely because your business is a recovery startup business.

Credit for COBRA premium assistance payments is limited to periods of coverage beginning on or after April 1, 2021, through periods of coverage beginning on or before September 30, 2021. Section 9501 of the ARP provides for COBRA premium assistance in the form of a full reduction in the premium otherwise payable by certain individuals and their families who elect COBRA continuation coverage due to a loss of coverage as the result of a reduction in hours or an involuntary termination of employment (assistance eligible individuals). This COBRA premium assistance was available for periods of coverage beginning on or after April 1, 2021, through periods of coverage beginning on or before September 30, 2021. A premium payee was entitled to the COBRA premium assistance credit at the time an eligible individual elects coverage. Therefore, other than in rare circumstances, due to the COBRA notice and election period requirements (generally, employers have 60 days to provide notice and assistance eligible individuals have 60 days to elect coverage), the first quarter of 2022 was the last quarter in which employers may have been eligible to claim the COBRA premium assistance credit on Form 941. Employers eligible to claim the COBRA premium assistance credit after March 31, 2022, must file Form 941-X to claim the credit.

For more information on COBRA premium assistance payments and the credit, see Notice 2021-31, 2021-23 I.R.B. 1173, available at [IRS.gov/irb/2021-23_IRB#NOT-2021-31](https://www.irs.gov/irb/2021-23_IRB#NOT-2021-31); and Notice 2021-46,

2021-33 I.R.B. 303, available at [IRS.gov/irb/2021-33_IRB#NOT-2021-46](https://www.irs.gov/irb/2021-33_IRB#NOT-2021-46).

Corrections to amounts reported on Form 941, lines 11e, 11f, and 13f, for the COBRA premium assistance credit are reported on Form 941-X, lines 18c, 18d, and 26c, respectively.



If you claimed the credit for qualified sick and family leave wages for leave taken after March 31, 2020, and before April 1, 2021, and you make any corrections on Form 941-X to amounts used to figure this credit, you'll need to refigure the amount of this credit using [Worksheet 1](#). You'll also use this worksheet to figure this credit if you're claiming it for the first time on Form 941-X. If you claimed the credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021, and you make any corrections on Form 941-X to amounts used to figure this credit, you'll need to refigure the amount of this credit using [Worksheet 3](#). You'll also use this worksheet to figure this credit if you're claiming it for the first time on Form 941-X. If you claimed the employee retention credit for wages paid after March 12, 2020, and before July 1, 2021, and you make any corrections on Form 941-X to amounts used to figure this credit, you'll need to refigure the amount of this credit using [Worksheet 2](#). You'll also use this worksheet to figure this credit if you're claiming it for the first time on Form 941-X. If you claimed the employee retention credit for wages paid after June 30, 2021, and before January 1, 2022, and you make any corrections on Form 941-X to amounts used to figure this credit, you'll need to refigure the amount of this credit using [Worksheet 4](#). You'll also use this worksheet to figure this credit if you're claiming it for the first time on Form 941-X. If you claimed the COBRA premium assistance credit and you make any corrections on Form 941-X to amounts used to figure this credit, you'll need to refigure the amount of this credit using [Worksheet 5](#). You'll also use this worksheet to figure this credit if you're claiming it for the first time on Form 941-X.

Form 941-X is filed to correct Form 941 or Form 941-SS. Unless otherwise noted, references to Form 941 on Form 941-X and in these instructions also apply to a Form 941-SS filed for quarters beginning before January 1, 2024.

Payroll tax credit for certain tax-exempt organizations affected by qualified disasters. Section 303(d) of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 allows for a payroll tax credit for certain tax-exempt organizations affected by certain qualified disasters not related to COVID-19. This credit is claimed on Form 5884-D. Form 5884-D is filed after the Form 941 for the quarter for which the credit is being claimed has been filed. If applicable to the quarter that you're correcting, you'll enter the credit claimed on Form 5884-D on [Worksheet 1](#) to figure your credit for qualified sick and family leave wages for leave taken before April 1, 2021, or [Worksheet 2](#) to figure the employee retention credit for wages paid after March 12, 2020, and before July 1, 2021. For more information about this credit, go to [IRS.gov/Form5884D](https://www.irs.gov/Form5884D).

Employee consents to support a claim for refund. Rev. Proc. 2017-28, 2017-14 I.R.B. 1061, available at [IRS.gov/irb/2017-14_IRB#RP-2017-28](https://www.irs.gov/irb/2017-14_IRB#RP-2017-28), provides guidance to employers on the requirements for employee consents used by an employer to support a claim for refund of overcollected social security tax and Medicare tax. The revenue procedure clarifies the basic requirements for both a request for employee consent and for the employee consent, and permits a consent to be requested, furnished, and retained in an electronic format as an alternative to a paper format. The revenue procedure also contains guidance concerning when an employer may claim a refund of only the employer share of overcollected social security tax and Medicare tax. The revenue procedure requires that any request for consent include an Additional Medicare Tax notice indicating that any claim on the employee's behalf won't include a claim for overpaid Additional Medicare Tax.

Correcting federal income tax withheld. Generally, you may correct federal income tax withholding errors only if you discovered the errors in the same calendar year you paid the wages. In addition, for an overcollection, you may correct federal income tax withholding only if you also repaid or reimbursed the employees in the same year.

For prior years, you may only correct administrative errors to federal income tax withholding (that is, errors in which the amount reported on Form 941, line 3, isn't the amount you actually withheld from an employee's wages) and errors for which section 3509 rates apply. See section 13 of Pub. 15, Employer's Tax Guide, for more information about corrections during the calendar year and about administrative errors. See section 2 of Pub. 15 for more information about section 3509. If section 3509 rates apply, see the instructions for [lines 19–22](#), later.



Only transposition or math errors involving the inaccurate reporting of the amount withheld are administrative errors.

You can't file a Form 941-X to correct federal income tax withholding for prior years for nonadministrative errors. In other words, you can't correct federal income tax actually withheld from an employee in a prior year if you discover that you didn't withhold the right amount. For example, you can't correct federal income tax withheld in a prior year because you used the wrong income tax withholding table or you didn't treat a payment correctly as taxable or nontaxable. Similarly, if you paid federal income tax in a prior year on behalf of your employee, rather than deducting it from the employee's pay (which resulted in additional wages subject to tax), and in a subsequent year you determine that you incorrectly calculated the amount of tax, you can't correct the federal income tax withholding. However, you must still correct the amount of wages you reported on Form 941 and Form W-2, Wage and Tax Statement, for a prior year by filing Form 941-X and Form W-2c, Corrected Wage and Tax Statement, respectively. You'll report the correct wages on Form 941-X, line 6, column 1.



The amount actually withheld is reflected on payroll information or on Form W-2, which can be used by the employee to claim a credit for withholding for individual income tax return purposes.

Correcting Additional Medicare Tax withholding and wages and tips subject to Additional Medicare Tax withholding. Wages and tips subject to Additional Medicare Tax withholding are reported on Form 941, line 5d. Certain errors discovered on a previously filed Form 941 are corrected on Form 941-X, line 13. However, you can't file a Form 941-X to correct the wrong amount of Additional Medicare Tax actually withheld from an employee in a prior year, including any amount you paid on behalf of your employee rather than deducting it from the employee's pay (which resulted in additional wages subject to tax). See the instructions for [line 13](#), later, for more information on the types of errors that can be corrected and how the correction is reported on Form 941-X. For more information about Additional Medicare Tax withholding, see the Instructions for Form 941 or go to [IRS.gov/ADMTfaqs](https://www.irs.gov/ADMTfaqs).

You may need to attach Schedule R (Form 941) to your Form 941-X. If you were required to file Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers, when you filed Form 941, you must complete Schedule R (Form 941) when correcting an aggregate Form 941. Schedule R (Form 941) is completed only for those clients and customers who have corrections reported on Form 941-X. Schedule R (Form 941) is filed as an attachment to Form 941-X.

Approved section 3504 agents and certified professional employer organizations (CPEOs) must complete and file Schedule R (Form 941) when filing an aggregate Form 941. Aggregate Forms 941 are filed by agents approved by the IRS under section 3504. To request approval to act as an agent for an employer, the agent files Form 2678 with the IRS. Aggregate Forms 941 are also filed by CPEOs approved by the IRS under section 7705. To become a CPEO, the organization must apply through the IRS Online Registration System at [IRS.gov/CPEO](https://www.irs.gov/CPEO). CPEOs file Form 8973, Certified Professional Employer Organization/Customer Reporting Agreement, to notify the IRS that they started or ended a service contract with a customer.

Other third-party payers that file aggregate Forms 941, such as non-certified PEOs, must complete and file Schedule R (Form 941) 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, the employee retention credit, and/or the COBRA premium assistance credit. If you're an other third-party payer that didn't file Schedule R (Form 941) with Form 941 because you didn't meet these requirements, but are now filing Form 941-X to report these credits for your clients, then you must now file Schedule R (Form 941) and attach it to Form 941-X.

See the March 2022 revision of the Instructions for Form 941 for information about when a third party is considered the person to whom COBRA premium assistance payments are payable.

General Instructions: Understanding Form 941-X

What Is the Purpose of Form 941-X?



References to federal income tax withholding don't apply to employers in American Samoa, Guam, the Commonwealth of the Northern Mariana Islands (CNMI), the U.S. Virgin Islands (USVI), and Puerto Rico unless you have employees who are subject to U.S. income tax withholding.

Use Form 941-X to correct errors on a Form 941 that you previously filed. Use Form 941-X to correct:

- Wages, tips, and other compensation;
- Federal income tax withheld from wages, tips, and other compensation;
- Taxable social security wages;
- Taxable social security tips;
- Taxable Medicare wages and tips;
- Taxable wages and tips subject to Additional Medicare Tax withholding;
- Qualified small business payroll tax credit for increasing research activities;
- Amounts reported on Form 941 for the credit for qualified sick and family leave wages for leave taken after March 31, 2020, and before April 1, 2021, including adjustments to Form 941, lines 5a(i), 5a(ii), 11b, 13c, 19, and 20;
- Amounts reported on Form 941 for the credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021, including adjustments to Form 941, lines 11d, 13e, 23, 24, 25, 26, 27, and 28;
- Amounts reported on Form 941 for the employee retention credit, including adjustments to Form 941, lines 11c, 13d, 21, and 22; and
- Amounts reported on Form 941 for the COBRA premium assistance credit, for periods of coverage beginning on or after April 1, 2021, through periods of coverage beginning on or before September 30, 2021, including adjustments to Form 941, lines 11e, 11f, and 13f.

Use Form 843, Claim for Refund and Request for Abatement, to request a refund or abatement of assessed interest or penalties. Don't request a refund or abatement of assessed interest or penalties on Form 941 or 941-X.



We use the terms "correct" and "corrections" on Form 941-X and in these instructions to include interest-free adjustments under sections 6205 and 6413 and claims for refund and abatement under sections 6402, 6414, and 6404. See Rev. Rul. 2009-39 for examples of how the interest-free adjustment and claim for refund rules apply in 10 different situations. You can find Rev. Rul. 2009-39, 2009-52 I.R.B. 951, at [IRS.gov/irb/2009-52_IRB#RR-2009-39](https://www.irs.gov/irb/2009-52_IRB#RR-2009-39).

When you discover an error on a previously filed Form 941, you must:

- Correct that error using Form 941-X;
- File a separate Form 941-X for each Form 941 that you're correcting; and

- Generally, file Form 941-X separately. Don't file Form 941-X with Form 941. However, if you didn't previously file Form 941 because you mistakenly treated your employees as nonemployees, you may have to file Form 941-X with Form 941. See the instructions for [line 42](#), later.

If you didn't file a Form 941 for one or more quarters, don't use Form 941-X. Instead, file Form 941 for each of those quarters. Also, see [When Should You File Form 941-X](#), later. However, if you didn't file Forms 941 because you improperly treated workers as independent contractors or nonemployees and are now reclassifying them as employees, see the instructions for [line 42](#), later.



Unless otherwise specified in these instructions, an underreported employment tax credit should be treated like an overreported tax amount. An overreported employment tax credit should be treated like an underreported tax amount. For more information, including which process to select on lines 1 and 2, see [Correcting an employment tax credit](#), later.

Report the correction of underreported and overreported tax amounts for the same tax period on a single Form 941-X, unless you're requesting a refund or abatement. If you're requesting a refund or abatement and are correcting both underreported and overreported tax amounts, file one Form 941-X correcting the underreported tax amounts only and a second Form 941-X correcting the overreported tax amounts.

You'll use the adjustment process if you underreported employment taxes and are making a payment, or if you overreported employment taxes and will be applying the credit to Form 941 for the period during which you file Form 941-X. However, see the [Caution](#) under *Is There a Deadline for Filing Form 941-X*, later, if you're correcting overreported tax amounts during the last 90 days of a period of limitations. You'll use the claim process if you overreported employment taxes and are requesting a refund or abatement of the overreported tax amount. Follow the chart on page 6 of Form 941-X for help in choosing whether to use the adjustment process or the claim process. Be sure to give us a detailed explanation on line 43 for each correction that you show on Form 941-X.

Continue to report current quarter fractions of cents, third-party sick pay, tips, and group-term life insurance on Form 941, lines 7-9.

You have additional requirements to complete when filing Form 941-X, such as certifying that you filed (or will file) all applicable Forms W-2 and Forms W-2c with the Social Security Administration (SSA). For corrections of overreported federal income tax, social security tax, Medicare tax, or Additional Medicare Tax, you must make any certifications that apply to your situation.



Don't use Form 941-X to correct Form CT-1, 943, 944, or 945. Instead, use the "X" form that corresponds to those forms (Form CT-1 X, 943-X, 944-X, or 945-X).

Where Can You Get Help?



For quarters beginning after December 31, 2023, Pub. 15 will be used by all employers, including employers in the U.S. territories. Pub. 80, Federal Tax Guide for Employers in the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, is discontinued, but you may still need to reference the Pub. 80 that was applicable for the tax year that you're correcting.

For help filing Form 941-X or for questions about federal employment taxes and tax corrections, you can:

- Go to [IRS.gov/EmploymentTaxes](https://www.irs.gov/EmploymentTaxes) and [IRS.gov/CorrectingEmploymentTaxes](https://www.irs.gov/CorrectingEmploymentTaxes);
- See Pub. 15 for correcting Form 941, or Pub. 80 for correcting Form 941-SS; or
- Call the IRS Business and Specialty Tax Line at 800-829-4933 or 800-829-4059 (TDD/TTY for persons who are deaf, hard of hearing, or have a speech disability), Monday–Friday from 7:00 a.m. to 7:00 p.m. local time (Alaska and Hawaii follow Pacific time; employers in Puerto Rico receive service from 8:00 a.m. to 8:00 p.m. local time); or call 267-941-1000 if you're outside the United States (toll call), Monday–Friday from 6:00 a.m. to 11:00 p.m. Eastern time.

See also [How Can You Get Forms, Instructions, and Publications From the IRS](#), later.

When Should You File Form 941-X?

File Form 941-X when you discover an error on a previously filed Form 941.

However, if your only errors on Form 941 relate to the number of employees who received wages (Form 941, line 1) or to federal tax liabilities reported on Form 941, Part 2, or on Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors, don't file Form 941-X. For more information about correcting federal tax liabilities reported on Form 941, Part 2, or on Schedule B (Form 941), see the Instructions for Schedule B (Form 941).

Due dates. The due date for filing Form 941-X depends on when you discover an error and if you underreported or overreported tax. If you underreported tax, see [Underreported tax](#), later. For overreported tax amounts, you may choose to either make an interest-free adjustment or file a claim for refund or abatement. If you're correcting overreported tax amounts, see [Overreported tax—Adjustment process](#) or [Overreported tax—Claim process](#), later.

If any due date falls on a Saturday, Sunday, or legal holiday, you may file Form 941-X on the next business day. If we receive Form 941-X after the due date, we will treat Form 941-X as filed on time if the envelope containing Form 941-X is properly addressed, contains sufficient postage, and is postmarked by the U.S. Postal Service on or before the due date, or sent by an IRS-designated private delivery service (PDS) on or before the due date. If you don't follow these guidelines, we will consider Form 941-X filed when it is actually received. See Pub. 15 for more information on legal holidays. For more information

about PDSs, see [Where Should You File Form 941-X](#), later.

Underreported tax. If you're correcting underreported tax, you must file Form 941-X by the due date of the return for the return period in which you discovered the error and **pay** the amount you owe **by the time you file**. Doing so will generally ensure that your correction is interest free and not subject to failure-to-pay (FTP) or failure-to-deposit (FTD) penalties. See [What About Penalties and Interest](#), later. For details on how to make a payment, see the instructions for [line 27](#), later.

If Form 941-X is filed late (after the due date of the return for the return period in which you discovered the error), you must attach an amended Schedule B (Form 941) to Form 941-X. Otherwise, the IRS may assess an "averaged" FTD penalty. See "Averaged" FTD penalty in section 11 of Pub. 15 for more information about "averaged" FTD penalties. The total tax reported on the "Total liability for the quarter" line of Schedule B (Form 941) must match the corrected tax (Form 941, line 12, combined with any correction entered on Form 941-X, line 23) for the quarter, less any previous abatements and interest-free tax assessments.

If you discover an error in . . .	Form 941-X is due . . .
1. January, February, March	April 30
2. April, May, June	July 31
3. July, August, September	October 31
4. October, November, December	January 31

The dates shown in the table above apply only to corrections of underreported amounts. If any due date falls on a Saturday, Sunday, or legal holiday, you may file Form 941-X on the next business day.

Example—You owe tax. On July 5, 2024, you discover that you underreported \$10,000 of social security and Medicare wages on your 2024 first quarter Form 941. File Form 941-X and pay the amount you owe by October 31, 2024, because you discovered the error in the third quarter of 2024, and October 31, 2024, is the due date for that quarter. If you file Form 941-X before October 31, 2024, pay the amount you owe by the time you file.



The due date for filing the adjusted return is determined by the type of return (Form 941 or Form 944) being corrected, without regard to your current filing requirements. Therefore, if you're currently filing Form 941 and you're correcting a previously filed Form 944, you must file Form 944-X by January 31 of the year following the year you discover the error.

Overreported tax—Adjustment process. If you overreported tax on Form 941 and choose to apply the credit to Form 941 or Form 944, file an adjusted return on Form 941-X soon after you discover the error but more than 90 days before the period of limitations on the credit or refund for Form 941 expires. See [Is There a Deadline for Filing Form 941-X](#), later.

Overreported tax—Claim process. If you overreported tax on Form 941, you may choose to file a claim for refund or abatement on Form 941-X any time before the period of

limitations on credit or refund expires on Form 941. If you also need to correct any underreported tax amounts, you must file another Form 941-X reporting only corrections to the underreported amounts. See [Is There a Deadline for Filing Form 941-X?](#) next.



You may not file a refund claim to correct federal income tax or Additional Medicare Tax actually withheld from employees.

Is There a Deadline for Filing Form 941-X?

Generally, you may correct overreported taxes on a previously filed Form 941 if you file Form 941-X within 3 years of the date Form 941 was filed or 2 years from the date you paid the tax reported on Form 941, whichever is later. You may correct underreported taxes on a previously filed Form 941 if you file Form 941-X within 3 years of the date the Form 941 was filed. We call each of these time frames a period of limitations. For purposes of the period of limitations, Forms 941 for a calendar year are considered filed on April 15 of the succeeding year if filed before that date.

Example. You filed your 2023 fourth quarter Form 941 on January 25, 2024, and payments were timely made. The IRS treats the return as if it were filed on April 15, 2024. On January 29, 2027, you discover that you overreported social security and Medicare wages on that form by \$350. To correct the error, you must file Form 941-X by April 15, 2027, which is the end of the period of limitations for Form 941, and use the claim process.



If you file Form 941-X to correct overreported tax amounts in the last 90 days of a period of limitations, you must use the claim process. You can't use the adjustment process. If you're also correcting underreported tax amounts, you must file another Form 941-X to correct the underreported tax amounts using the adjustment process and pay any tax due.

Where Should You File Form 941-X?

You're encouraged to file Form 941-X electronically once that option becomes available. Until electronic filing becomes available, or if you prefer to mail a paper Form 941-X, send your completed Form 941-X to the address shown next.

IF you're in . . .	THEN use this address . . .
Connecticut, Delaware, District of Columbia, Florida, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, Wisconsin	Department of the Treasury Internal Revenue Service Cincinnati, OH 45999-0005
Alabama, Alaska, Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming	Department of the Treasury Internal Revenue Service Ogden, UT 84201-0005
No legal residence or principal place of business in any state	Internal Revenue Service P.O. Box 409101 Ogden, UT 84409
Special filing address for exempt organizations; federal, state, and local governmental entities; and Indian tribal governmental entities, regardless of location	Department of the Treasury Internal Revenue Service Ogden, UT 84201-0005

PDSs can't deliver to P.O. boxes. You must use the U.S. Postal Service to mail an item to a P.O. box address. Go to [IRS.gov/PDS](https://www.irs.gov/PDS) for the current list of PDSs. If you file Form 941-X using a PDS, send it to the following address.

Ogden - Internal Revenue Submission Processing
Center
1973 Rulon White Blvd.
Ogden, UT 84201

Use this address even if your business is located in a state that files in Cincinnati.

How Should You Complete Form 941-X?

Use a Separate Form 941-X for Each Quarter You're Correcting

Use a separate Form 941-X for each Form 941 that you're correcting. For example, if you found errors on your Forms 941 for the third and fourth quarters of 2023, file one Form 941-X to correct the 2023 third quarter Form 941 and file a second Form 941-X to correct the 2023 fourth quarter Form 941.

Employer Identification Number (EIN), Name, and Address

Enter your EIN, name, and address in the spaces provided. Also enter your name and EIN on the top of pages 2, 3, 4, and 5, and on any attachments. If your address has changed since you filed your Form 941, enter the corrected information and the IRS will update your address of record. Be sure to write your name, EIN, "Form

941-X,” the calendar quarter you’re correcting (for example, “Quarter 2”), and the calendar year of the quarter you’re correcting on the top of any attachments.

Return You’re Correcting

In the box at the top of page 1, check the type of return (Form 941 or Form 941-SS) you’re correcting. Check the appropriate box for the one quarter you’re correcting. Enter the calendar year of the Form 941 you’re correcting. Enter the quarter and calendar year on pages 2, 3, 4, and 5.

Enter the Date You Discovered Errors

You **must** enter the date you discovered errors. You discover an error when you have enough information to be able to correct it. If you’re reporting several errors that you discovered at different times, enter the earliest date you discovered them here. Report any subsequent dates and related errors on line 43.

Must You Make an Entry on Each Line?

You must provide all of the information requested at the top of page 1 of Form 941-X. You must check one box (but not both) in Part 1. In Part 2, you must check the box on line 3 and any applicable boxes on lines 4 and 5. In Part 3, if any line doesn’t apply, leave it blank. Complete Parts 4 and 5 as instructed.

How Should You Report Negative Amounts?

Form 941-X uses negative numbers to show reductions in tax (credits) and positive numbers to show additional tax (amounts you owe).

When reporting a negative amount in columns 3 and 4, use a minus sign instead of parentheses. For example, enter “-10.59” instead of “(10.59).” However, if you’re completing the return on your computer and your software only allows you to use parentheses to report negative amounts, you may use them.

How Should You Make Entries on Form 941-X?

You can help the IRS process Form 941-X timely and accurately if you follow these guidelines.

- Type or print your entries.
- Use Courier font (if possible) for all typed or computer-generated entries.
- Omit dollar signs. You may use commas and decimal points, if desired. Enter dollar amounts to the left of any preprinted decimal point and cents to the right of it.
- Always show an amount for cents, even if it is zero. Don’t round entries to whole dollars.
- Complete all five pages and sign Form 941-X on page 5.
- Staple multiple sheets in the upper-left corner.

What About Penalties and Interest?

Generally, your correction of an underreported tax amount won’t be subject to an FTP penalty, an FTD penalty, or interest if you:

- File on time (by the due date of Form 941 for the quarter in which you discover the error),
- **Pay** the amount shown on line 27 **by the time you file** Form 941-X,
- Enter the date you discovered the error, and

- Explain in detail the grounds and facts relied on to support the correction.

No correction will be eligible for interest-free treatment if any of the following apply.

- The amounts underreported relate to an issue that was raised in an examination of a prior period.
- You knowingly underreported your employment tax liability.
- You received a notice and demand for payment.
- You received a notice of determination under section 7436.

If you receive a notice about a penalty after you file this return, reply to the notice with an explanation and we will determine if you meet the reasonable-cause criteria. Don’t attach an explanation when you file your return.

Overview of the Process

To correct a previously filed Form 941, use Form 941-X to file either an adjusted employment tax return or a claim for refund or abatement. The adjustment process and the claim process are outlined below.

If you underreported the tax. If you underreported the tax on a previously filed Form 941, check the box on line 1 and **pay** any additional amount you owe **by the time you file** Form 941-X. For details on how to make a payment, see the instructions for [line 27](#), later.

Example—You underreported employment taxes. On July 5, 2024, you discover an error that results in additional tax on your 2023 third quarter Form 941. File Form 941-X by October 31, 2024, and pay the amount you owe by the time you file. See [When Should You File Form 941-X](#), earlier. Don’t attach Form 941-X to your 2024 third quarter Form 941.

If you overreported the tax. If you overreported the tax on a previously filed Form 941, you may **choose** one of the following options.

- **Use the adjustment process.** Check the box on line 1 to apply any credit (negative amount) from line 27 to Form 941 for the quarter during which you file Form 941-X.
- **Use the claim process.** Check the box on line 2 to file a claim on Form 941-X requesting a refund or abatement of the amount shown on line 27.

TIP To ensure that the IRS has enough time to process a credit for an **overreporting tax adjustment** in the quarter during which you file Form 941-X, you’re encouraged to file Form 941-X correcting the overreported tax amount in the first 2 months of a quarter. For example, if you discover an overreported tax amount in March, June, September, or December, you may want to file Form 941-X in the first 2 months of the next quarter. However, there must be 90 days remaining on the period of limitations when you file Form 941-X. See the [Caution](#) under Is There a Deadline for Filing Form 941-X, earlier. This should ensure that the IRS will have enough time to process Form 941-X so the credit will be posted before you file Form 941, thus avoiding an erroneous balance due notice from the IRS. See the example below.

Example—You want your overreported tax applied as a credit to Form 941. On September 16, 2024, you

discover you overreported your tax on your 2023 fourth quarter Form 941 and want to choose the adjustment process. To allow the IRS enough time to process the credit, you file Form 941-X on October 7, 2024, and take the credit on your fourth quarter 2024 Form 941.



If you currently file Form 944 and you're making a correction to a previously filed Form 941 that will be claimed as a credit on Form 944, file Form 941-X before December in any year before the expiration of the period of limitations for the previously filed Form 941. In the year that the period of limitations for the previously filed Form 941 expires, file Form 941-X at least 90 days before the expiration date.

Specific Instructions:

Part 1: Select ONLY One Process

Because Form 941-X may be used to file either an adjusted employment tax return or a claim for refund or abatement, you **must** check one box on either line 1 or line 2. Don't check both boxes.

Correcting an employment tax credit. For lines 1 and 2, if you underreported an employment tax credit, treat it like you overreported a tax amount. If you overreported an employment tax credit, treat it like you underreported a tax amount. If you're filing Form 941-X to adjust only an employment tax credit and you're not correcting any overreported taxes on Form 941-X, lines 6–13, skip lines 4 and 5.

1. Adjusted Employment Tax Return

Check the box on line 1 if you're correcting underreported tax amounts or overreported tax amounts and you would like to use the adjustment process to correct the errors.

If you're correcting both underreported tax amounts and overreported tax amounts on this form, you **must** check this box. If you check this box, any negative amount shown on line 27 will be applied as a credit (tax deposit) to your Form 941 or Form 944 for the period in which you're filing this form. See [Example—You want your overreported tax applied as a credit to Form 941](#), earlier.

If you owe tax. Pay the amount shown on line 27 by the time you file Form 941-X. Generally, you won't be charged interest if you file on time, pay on time, enter the date you discovered the error, and explain the correction on line 43.

If you have a credit. You overreported employment taxes (you have a negative amount on line 27) and want the IRS to apply the credit to Form 941 or Form 944 for the period during which you filed Form 941-X. The IRS will apply your credit on the first day of the Form 941 or Form 944 period during which you filed Form 941-X. However, the credit you show on Form 941-X, line 27, may not be fully available on your Form 941 or Form 944 if the IRS corrects it during processing or you owe other taxes, penalties, or interest. The IRS will notify you if your claimed credit changes or if the amount available as a credit on Form 941 or Form 944 was reduced because of unpaid taxes, penalties, or interest.



Don't check the box on line 1 if you're correcting overreported tax amounts and the period of limitations on credit or refund for Form 941 will expire within 90 days of the date you file Form 941-X. See [Is There a Deadline for Filing Form 941-X](#), earlier.

2. Claim

Check the box on line 2 to use the claim process if you're correcting **overreported tax amounts only** and you're claiming a refund or abatement for the negative amount (credit) shown on line 27. Don't check this box if you're correcting any underreported tax amounts on this form.

You must check the box on line 2 if you have a credit (a negative amount on line 27) and the period of limitations on credit or refund for Form 941 will expire within 90 days of the date you file Form 941-X. See [Is There a Deadline for Filing Form 941-X](#), earlier.

The IRS usually processes claims shortly after they are filed. The IRS will notify you if your claim is denied, accepted as filed, or selected to be examined. See Pub. 556, Examination of Returns, Appeal Rights, and Claims for Refund, for more information.

Unless the IRS corrects Form 941-X during processing or you owe other taxes, penalties, or interest, the IRS will refund the amount shown on line 27, plus any interest that applies.



You may not file a refund claim to correct federal income tax or Additional Medicare Tax actually withheld from employees.

Part 2: Complete the Certifications

You must complete all certifications that apply by checking the appropriate boxes. If all of your corrections relate to underreported tax amounts, complete line 3 only; skip lines 4 and 5 and go to Part 3. If your corrections relate to overreported tax amounts, other than corrections related to underreported employment tax credits, you have a duty to ensure that your employees' rights to recover overpaid employee social security and Medicare taxes that you withheld are protected. The certifications on lines 4 and 5 address the requirement to:

- Repay or reimburse your employees for the overcollection of employee social security and Medicare taxes, or
- Obtain consents from your employees to file a claim on their behalf. See [Rev. Proc. 2017-28](#) for guidance on the requirements for both a request for employee consent and for the employee consent.

3. Filing Forms W-2 or Forms W-2c

Check the box on line 3 to certify that you filed or will file Forms W-2 or Forms W-2c with the SSA, as required, showing your employees' correct wage and tax amounts. See the General Instructions for Forms W-2 and W-3 for detailed information about filing requirements. Unless otherwise noted, references throughout these instructions to Form W-2 include Forms W-2AS, W-2CM, W-2GU, W-2VI, and 499R-2/W-2PR; references to Form W-2c include Form 499R-2c/W-2cPR; references to Form W-3 include Form W-3SS and Form W-3 (PR); and references to Form W-3c include Form W-3C (PR).

You must check the box on line 3 to certify that you filed Forms W-2 or Forms W-2c even if your corrections on Form 941-X don't change amounts shown on those forms. For example, if your only correction to Form 941 involves misstated tax adjustments, which don't impact the amounts reported on your employees' Forms W-2 (see the instructions for [line 15](#), later), check the box on line 3 to certify that you already filed all required Forms W-2 and W-2c with the SSA. In this situation, you're certifying that you don't need to file Form W-2c because you already filed a correct Form W-2.

4. Certifying Overreporting Adjustments

If you overreported federal income tax, social security tax, Medicare tax, or Additional Medicare Tax and checked the box on line 1, check the appropriate box on line 4. You may need to check more than one box. If you obtained written statements from some employees but you couldn't locate employees or secure the statements of the remaining employees, check all applicable boxes. Provide a summary on line 43 of the amount of the corrections both for the employees who provided written statements and for those who didn't.

4a. Check the box on line 4a if your overreported amount includes each affected employee share of overcollected taxes. You're certifying that you repaid or reimbursed the employee share of current and prior year taxes and you received written statements from the employees stating that they didn't and won't receive a refund or credit for the prior year taxes. You're certifying that you adjusted federal income tax or Additional Medicare Tax withheld from employees for the current calendar year only. Don't send these statements to the IRS. Keep them for your records. Generally, all employment tax records must be kept for at least 4 years. Records related to qualified sick leave wages and qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021, and records related to qualified wages for the employee retention credit paid after June 30, 2021, should be kept for at least 6 years. Copies must be submitted to the IRS if requested.

4b. Check the box on line 4b to certify that your overreported amount is only for the employer share of taxes on those employees who you were unable to find or those who didn't give you a statement described on line 4a.

4c. Check the box on line 4c to certify that your overreported amount is only for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that you didn't withhold from your employees.

5. Certifying Claims

If you're filing a claim for refund or abatement of overreported federal income tax, social security tax, Medicare tax, or Additional Medicare Tax and checked the box on line 2, check the appropriate box on line 5. You may need to check more than one box. If you obtained written statements or consents from some employees but you couldn't locate employees or secure the statements or consents of the remaining employees, check all applicable boxes. Provide a summary on line 43 of the amount of the

corrections for both the employees who provided statements or consents and for those who didn't.



You can't file a refund claim to correct the incorrect amount of federal income tax or Additional Medicare Tax actually withheld from employees in a prior year. If you request their consent to file a claim for social security tax or Medicare tax, you must tell your employees that you can't claim a refund of any Additional Medicare Tax on their behalf. See [Rev. Proc. 2017-28](#) for sample language to use in your request.

5a. Check the box on line 5a if your overreported tax includes each affected employee share of social security and Medicare taxes. You're certifying that you repaid or reimbursed to the employees their share of social security and Medicare taxes. For refunds of employee social security and Medicare taxes overcollected in prior years, you're certifying that you received written statements from those employees stating that they didn't and won't receive a refund or credit for the prior year taxes. Don't send these statements to the IRS. Keep them for your records. Generally, all employment tax records must be kept for at least 4 years. Records related to qualified sick leave wages and qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021, and records related to qualified wages for the employee retention credit paid after June 30, 2021, should be kept for at least 6 years. Copies must be submitted to the IRS if requested.

5b. Check the box on line 5b if your overreported tax includes each affected employee share of social security and Medicare taxes and you haven't yet repaid or reimbursed the employee share of taxes. You're certifying that you received consent from each affected employee to file a claim on the employee share of those taxes and you received written statements from those employees stating that they didn't and won't receive a refund or credit for the prior year taxes.

An employee consent must:

- Contain the name, address, and social security number (or truncated taxpayer identification number, when appropriate) of the employee;
- Contain the name, address, and EIN of the employer;
- Contain the tax period(s), the type of tax, and the amount of tax for which the consent is provided;
- Affirmatively state that the employee authorizes the employer to claim a refund for the overpayment of the employee share of tax;
- For amounts collected in a prior year, include the employee's written statement certifying that the employee hasn't made any previous claims (or the claims were rejected) and won't make any future claims for refund or credit of the amount of the overcollection;
- Identify the basis of the claim; and
- Be dated and contain the employee's signature under penalties of perjury. The penalties of perjury statement should be located immediately above the required signature.

Don't send these statements and consents to the IRS. Keep them for your records. Generally, all employment tax records must be kept for at least 4 years. Records related to qualified sick leave wages and qualified family leave

wages for leave taken after March 31, 2021, and before October 1, 2021, and records related to qualified wages for the employee retention credit paid after June 30, 2021, should be kept for at least 6 years. Copies must be submitted to the IRS if requested.

In certain situations, you may not have repaid or reimbursed your employees or obtained their consents prior to filing a claim, such as in cases where the period of limitations on credit or refund is about to expire. In those situations, file Form 941-X, but don't check a box on line 5. Tell us on line 43 that you haven't repaid or reimbursed employees or obtained consents at the time you file the claim. However, you must repay or reimburse your employees and certify that you've done so before the IRS can allow the claim.

5c. Check the box on line 5c to certify that your overreported tax is only for the employer share of social security and Medicare taxes. This applies when affected employees didn't give you consent to file a claim for refund for the employee share of social security and Medicare taxes, they couldn't be found, or they didn't give you a statement described on line 5b.

5d. Check the box on line 5d to certify that your overreported amount is only for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that you didn't withhold from your employees.

Part 3: Enter the Corrections for This Quarter

TIP *Employers in American Samoa, Guam, the CNMI, the USVI, and Puerto Rico may skip lines 6 and 7, unless you have employees who are subject to U.S. income tax withholding.*

What Amounts Should You Report in Part 3?

On lines 6–13, columns 1 and 2, for each line you're correcting, show amounts for **all** of your employees, not just for those employees whose amounts you're correcting.

If a correction that you report in column 4 includes both underreported and overreported amounts (see the instructions for [line 41](#), later), give us details for each error on line 43.

Because special circumstances apply for lines 14–22, 25–26c, 28–32, and 35–40, read the instructions for each line carefully before entering amounts in the columns.

If any line doesn't apply to you, leave it blank.

CAUTION *If you previously adjusted or amended Form 941 by using Form 941-X or because of an IRS examination change, show amounts in column 2 that include those previously reported corrections.*

6. Wages, Tips, and Other Compensation

If you're correcting the wages, tips, and other compensation you reported on Form 941, line 2, enter the total corrected amount for **all** employees in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference

between columns 1 and 2. This line doesn't apply to Form 941-SS.

If you or the IRS previously corrected the amount reported on Form 941, line 2, enter in column 2 the amount after any previous corrections.

line 6 (column 1)
- line 6 (column 2)
line 6 (column 3)

If the amount in column 2 is larger than the amount in column 1, use a minus sign in column 3.

Example—Wages, tips, and other compensation increased. You reported \$9,000 as total wages, tips, and other compensation on line 2 of your 2024 first quarter Form 941. In May of 2024, you discovered that you had overlooked \$1,000 in tips for one of your employees. To correct the error, figure the difference on Form 941-X as shown.

Column 1 (corrected amount)	10,000.00
Column 2 (Form 941, line 2)	- 9,000.00
Column 3 (difference)	1,000.00

Example—Wages, tips, and other compensation decreased. You reported \$9,000 as wages, tips, and other compensation on line 2 of your 2024 first quarter Form 941. In May of 2024, you discovered that you included \$2,000 in wages for one of your employees twice. To correct the error, figure the difference on Form 941-X as shown.

Column 1 (corrected amount)	7,000.00
Column 2 (Form 941, line 2)	- 9,000.00
Column 3 (difference)	-2,000.00

Example—Auto allowance; wages, tips, and other compensation increased. You paid one of your employees a \$500 monthly auto allowance from October through December 2023, and didn't treat the payments as taxable wages. In February 2024, you realized that the payments were wages because they weren't reimbursements of deductible business expenses that were substantiated and paid under an accountable plan. You correct the error by treating the auto allowance as wages subject to income, social security, and Medicare taxes. Report the additional \$1,500 of wages on Form 941-X, lines 6, 8, 12, and, if applicable, 13.

Be sure to explain the reasons for the corrections on line 43.

TIP *The quarterly amount on line 6, column 1, should be used to figure the annual amount to report on your Forms W-2 or Forms W-2c. This amount should also generally be used for any business expense deduction on your income tax return (or amended return) for wages paid.*

7. Federal Income Tax Withheld From Wages, Tips, and Other Compensation

If you're correcting the federal income tax withheld from wages, tips, and other compensation you reported on Form 941, line 3, enter the total corrected amount in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2. This line doesn't apply to Form 941-SS.

line 7 (column 1)	
- line 7 (column 2)	
line 7 (column 3)	If the amount in column 2 is larger than the amount in column 1, use a minus sign in column 3.

Copy the amount in column 3 to column 4. Include any minus sign shown in column 3.



Generally, you may correct federal income tax withholding errors only if you discovered the errors in the same calendar year you paid the wages. In addition, for an overcollection, you may correct federal income tax withholding only if you also repaid or reimbursed the employees in the same year. For prior years, you may only correct administrative errors to federal income tax withholding (that is, errors in which the amount reported on Form 941, line 3, isn't the amount you actually withheld from an employee's wages) and errors for which section 3509 rates apply. Only transposition or math errors involving the inaccurate reporting of the amount withheld are administrative errors. See section 13 of Pub. 15 for more information about corrections during the calendar year and about administrative errors. See section 2 of Pub. 15 for more information about section 3509. If section 3509 rates apply, see the instructions for [lines 19–22](#), later.

You can't file a Form 941-X to correct federal income tax withholding for prior years for nonadministrative errors. In other words, you can't correct federal income tax actually withheld from an employee in a prior year if you discover that you didn't withhold the right amount. For example, you can't correct federal income tax withheld in a prior year because you used the wrong income tax withholding table or you didn't treat a payment correctly as taxable or nontaxable. Similarly, if you paid federal income tax in a prior year on behalf of your employee, rather than deducting it from the employee's pay (which resulted in additional wages subject to tax), and in a subsequent year you determine that you incorrectly calculated the amount of tax, you can't correct the federal income tax withholding.

Example—Prior year nonadministrative error (failure to withhold federal income tax when required). You were required to withhold \$400 of federal income tax from an employee's bonus that was paid in December of 2023 but you withheld nothing. You discovered the error on March 11, 2024. You can't file Form 941-X to correct federal income tax withheld reported on your 2023 fourth quarter Form 941 because the error involves a previous year and the amount

previously reported for the employee represents the actual amount withheld from the employee during 2023.

Example—Prior year administrative error (incorrectly reported amount of federal income tax actually withheld). You had three employees. In the fourth quarter of 2023, you withheld \$1,000 of federal income tax from Xavier Black, \$2,000 from Sophie Rose, and \$6,000 from Leo Wood. The total amount of federal income tax you withheld was \$9,000. You mistakenly reported \$6,000 on line 3 of your 2023 fourth quarter Form 941. You discovered the error on March 8, 2024. This is an example of an administrative error that may be corrected in a later calendar year because the amount actually withheld from the employees' wages isn't the amount reported on Form 941. Use Form 941-X to correct the error. Enter \$9,000 in column 1 and \$6,000 in column 2. Subtract the amount in column 2 from the amount in column 1.

Column 1 (corrected amount)	9,000.00
Column 2 (Form 941, line 3)	- 6,000.00
Column 3 (difference)	3,000.00

Report the \$3,000 as a tax correction in column 4.

Be sure to explain the reasons for this correction on line 43.

Example—Nonadministrative error reporting federal income tax because of repayment of wages paid in prior year. You prepaid Jack Brown \$4,000 of wages for 2 months of work in September 2023. You withheld \$400 of federal income tax at the time you paid Jack. These amounts were reported on your 2023 third quarter Form 941. Jack left employment in October 2023 (after only 1 month of service). In January 2024, Jack repaid \$2,000 to you for the 1 month Jack didn't work. You can't file Form 941-X to reduce the federal income tax withheld because you actually withheld the federal income tax from wages. You also can't file Form 941-X to reduce wages because the wages were income to Jack for the prior year. These amounts were correctly reported on Form 941.

8. Taxable Social Security Wages



Qualified sick leave wages and qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021, were included on Form 941, line 5a, column 1, and can be adjusted only on Form 941-X, line 8.

If you're correcting the taxable social security wages you reported on Form 941, line 5a, column 1, enter the total corrected amount in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.

line 8 (column 1)	
- line 8 (column 2)	
line 8 (column 3)	If the amount in column 2 is larger than the amount in column 1, use a minus sign in column 3.

Multiply the amount in column 3 by 0.124 and enter that result in column 4.

line 8 (column 3)	
x 0.124	
line 8 (column 4)	If the amount in column 3 used a minus sign, also use a minus sign in column 4.

Note. If you checked the box on Form 941-X, line 4b or line 5c, because you're correcting only the employer share of tax on a decrease to social security wages, use 0.062 (6.2%) when multiplying the amount shown in column 3. If you're correcting both shares of tax for some employees and only the employer share for other employees, enter the properly calculated amount in column 4. Be sure to show your calculations on line 43.

Example—Social security wages decreased. Following [Example—Wages, tips, and other compensation decreased](#) in the instructions for line 6, the wages that you counted twice were also taxable social security wages. To correct the error, figure the difference on Form 941-X as shown.


Column 1 (corrected amount)	7,000.00
Column 2 (Form 941, line 5a, column 1)	- 9,000.00
Column 3 (difference)	-2,000.00


Use the difference in column 3 to determine your tax correction.

Column 3 (difference)	-2,000.00
Tax rate (12.4%)	x 0.124
Column 4 (tax correction)	-248.00

Be sure to explain the reasons for this correction on line 43.

9. Qualified Sick Leave Wages (For Leave Taken After March 31, 2020, and Before April 1, 2021)

 Generally, the period of limitations for correcting qualified sick leave wages paid in the second, third, and fourth quarters of 2020 expired on April 15, 2024, for most employers. For more information about the period of limitations, see [Is There a Deadline for Filing Form 941-X](#), earlier.

 Adjustments to the social security tax on qualified sick leave wages and qualified family leave wages for leave taken after March 31, 2020, and before April 1, 2021, are reported on Form 941-X, lines 9 and 10, respectively. Adjustments to the nonrefundable portion of

the credit for qualified sick and family leave wages for leave taken after March 31, 2020, and before April 1, 2021, are reported on Form 941-X, line 17, and adjustments to the refundable portion of the credit are reported on Form 941-X, line 25. Adjustments to qualified health plan expenses allocable to qualified sick leave wages and to qualified family leave wages for leave taken after March 31, 2020, and before April 1, 2021, are reported on Form 941-X, lines 28 and 29, respectively. If you claimed the credit for qualified sick and family leave wages for leave taken after March 31, 2020, and before April 1, 2021, on your original Form 941 for the quarter, and you make any corrections on Form 941-X for the quarter to amounts used to figure this credit, you'll need to refigure the amount of this credit using [Worksheet 1](#). You'll also use this worksheet to figure this credit if you're claiming the credit for the first time on Form 941-X. For more information about the credit for qualified sick and family leave wages, go to [IRS.gov/PLC](#).

Qualified sick leave wages paid with respect to leave taken after March 31, 2020, and before April 1, 2021, aren't subject to the employer share of social security tax; therefore, the tax rate on these wages is 6.2% (0.062). For more information about qualified sick leave wages, see [Definition of qualified sick and family leave wages for leave taken after March 31, 2020, and before April 1, 2021](#), later, and go to [IRS.gov/PLC](#). If you're correcting the qualified sick leave wages you reported on Form 941, line 5a(i), column 1, enter the total corrected amount in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.

line 9 (column 1)	
- line 9 (column 2)	
line 9 (column 3)	If the amount in column 2 is larger than the amount in column 1, use a minus sign in column 3.

Multiply the amount in column 3 by 0.062 and enter that result in column 4.

line 9 (column 3)	
x 0.062	
line 9 (column 4)	If the amount in column 3 used a minus sign, also use a minus sign in column 4.

Note. If you erroneously reported qualified sick leave wages for leave taken after March 31, 2020, and before April 1, 2021, on Form 941, line 5a, instead of on line 5a(i), you'll need to make a correction on Form 941-X, lines 8 and 9, and enter the properly calculated amount in column 4 for each line.

Example—Qualified sick leave wages increased. You paid \$2,000 of qualified sick leave wages to only one of your employees in the first quarter of 2021. In March 2024, you discovered that you only reported \$1,000 of qualified sick leave wages on Form 941 for the first quarter. To correct the error, figure the difference on Form 941-X as shown.

Column 1 (corrected amount)	2,000.00
Column 2 (Form 941, line 5a(i), column 1)	- 1,000.00
Column 3 (difference)	1,000.00

Use the difference in column 3 to determine your tax correction.

Column 3 (difference)	1,000.00
Tax rate (6.2%)	x 0.062
Column 4 (tax correction)	62.00

Be sure to explain the reasons for this correction on line 43.

10. Qualified Family Leave Wages (For Leave Taken After March 31, 2020, and Before April 1, 2021)



Generally, the period of limitations for correcting qualified family leave wages paid in the second, third, and fourth quarters of 2020 expired on April 15, 2024, for most employers. For more information about the period of limitations, see [Is There a Deadline for Filing Form 941-X](#), earlier.

Qualified family leave wages paid with respect to leave taken after March 31, 2020, and before April 1, 2021, aren't subject to the employer share of social security tax; therefore, the tax rate on these wages is 6.2% (0.062). For more information about qualified family leave wages, see [Definition of qualified sick and family leave wages for leave taken after March 31, 2020, and before April 1, 2021](#), later, and go to [IRS.gov/PLC](#). If you're correcting the qualified family leave wages you reported on Form 941, line 5a(ii), column 1, enter the total corrected amount in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.

line 10 (column 1)	
- line 10 (column 2)	
line 10 (column 3)	If the amount in column 2 is larger than the amount in column 1, use a minus sign in column 3.

Multiply the amount in column 3 by 0.062 and enter that result in column 4.

line 10 (column 3)	
x 0.062	
line 10 (column 4)	If the amount in column 3 used a minus sign, also use a minus sign in column 4.

Note. If you erroneously reported qualified family leave wages for leave taken after March 31, 2020, and before April 1, 2021, on Form 941, line 5a, instead of on line 5a(ii), you'll need to make a correction on Form 941-X, lines 8 and 10, and enter the properly calculated amount in column 4 for each line.

Example—Qualified family leave wages decreased. You paid \$1,000 of qualified family leave wages to only one of your employees in the first quarter of 2021. In March 2024, you discovered that you erroneously reported \$3,000 of qualified family leave wages on Form 941 for the first quarter. To correct the error, figure the difference on Form 941-X as shown.

Column 1 (corrected amount)	1,000.00
Column 2 (Form 941, line 5a(ii), column 1)	- 3,000.00
Column 3 (difference)	-2,000.00

Use the difference in column 3 to determine your tax correction.

Column 3 (difference)	-2,000.00
Tax rate (6.2%)	x 0.062
Column 4 (tax correction)	-124.00

Be sure to explain the reasons for this correction on line 43.

11. Taxable Social Security Tips

If you're correcting the taxable social security tips you reported on Form 941, line 5b, column 1, enter the total corrected amount in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.

line 11 (column 1)	
- line 11 (column 2)	
line 11 (column 3)	If the amount in column 2 is larger than the amount in column 1, use a minus sign in column 3.

Multiply the amount in column 3 by 0.124 and report that result in column 4.

line 11 (column 3)	
x 0.124	
line 11 (column 4)	If the amount in column 3 used a minus sign, also use a minus sign in column 4.

Note. If you checked the box on Form 941-X, line 4b or line 5c, because you're correcting only the employer share of tax on a decrease to social security tips, use 0.062 (6.2%) when multiplying the amount shown in column 3. If you're correcting both shares of tax for some employees and only the employer share for other employees, report the properly calculated amount in column 4. Be sure to show your calculations on line 43.

Example—Social security tips increased. Following [Example—Wages, tips, and other compensation increased](#) in the instructions for line 6, the tips that you overlooked were also taxable social security tips. To correct the error, figure the difference on Form 941-X as shown.

Column 1 (corrected amount)	10,000.00
Column 2 (Form 941, line 5b, column 1)	- 9,000.00
Column 3 (difference)	1,000.00

Use the difference in column 3 to determine your tax correction.

Column 3 (difference)	1,000.00
Tax rate (12.4%)	x 0.124
Column 4 (tax correction)	124.00

Be sure to explain the reasons for this correction on line 43.

12. Taxable Medicare Wages & Tips

If you're correcting the taxable Medicare wages and tips you reported on Form 941, line 5c, column 1, enter the total corrected amount in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.

line 12 (column 1)	
- line 12 (column 2)	
line 12 (column 3)	If the amount in column 2 is larger than the amount in column 1, use a minus sign in column 3.

Multiply the amount in column 3 by 0.029 (2.9% tax rate) and enter that result in column 4.

line 12 (column 3)	
x 0.029	
line 12 (column 4)	If the amount in column 3 used a minus sign, also use a minus sign in column 4.

Note. If you checked the box on Form 941-X, line 4b or line 5c, because you're correcting only the employer share of tax on a decrease to Medicare wages and tips, use 0.0145 (1.45%) when multiplying the amount in column 3. If you're correcting both shares of tax for some employees and only the employer share for other employees, enter the properly calculated amount in column 4. Be sure to explain your calculations on line 43.

Example—Medicare wages and tips decreased. Following [Example—Wages, tips, and other compensation decreased](#) in the instructions for line 6, the wages that you counted twice were also taxable Medicare wages and tips. To correct the error, figure the difference on Form 941-X as shown.

Column 1 (corrected amount)	7,000.00
Column 2 (Form 941, line 5c, column 1)	- 9,000.00
Column 3 (difference)	-2,000.00

Use the difference in column 3 to determine your tax correction.

Column 3 (difference)	-2,000.00
Tax rate (2.9%)	x 0.029
Column 4 (tax correction)	-58.00

Be sure to explain the reasons for this correction on line 43.

13. Taxable Wages & Tips Subject to Additional Medicare Tax Withholding

Generally, you may correct errors to Additional Medicare Tax withholding **only** if you discovered the errors in the same calendar year the wages and tips were paid to employees. However, you may correct errors to Additional Medicare Tax withholding for prior years if the amount reported on Form 941, line 5d, column 2, isn't the amount you actually withheld, including any amount you paid on behalf of your employee rather than deducting it from the employee's pay (which resulted in additional wages subject to tax). This type of error is an administrative error. The administrative error adjustment corrects the amount reported on Form 941 to agree with the amount actually withheld from employees.

You may also correct errors to Additional Medicare Tax withholding for prior years if section 3509 rates apply. If section 3509 rates apply, see the instructions for [lines 19–22](#), later.

If a prior year error was a nonadministrative error, you may correct only the **wages and tips** subject to Additional Medicare Tax withholding that were originally reported on Form 941, line 5d, column 1, or previously corrected on Form 941-X. You can't correct the tax reported on Form 941, line 5d, column 2.

Errors discovered in the same calendar year or prior year administrative errors. If you're correcting the taxable wages and tips subject to Additional Medicare Tax withholding that you reported on Form 941, line 5d, column 1, enter the total corrected amount in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.

line 13 (column 1)	
- line 13 (column 2)	
line 13 (column 3)	If the amount in column 2 is larger than the amount in column 1, use a minus sign in column 3.

Multiply the amount in column 3 by 0.009 (0.9% tax rate) and enter that result in column 4.

line 13 (column 3)	
x 0.009	
line 13 (column 4)	If the amount in column 3 used a minus sign, also use a minus sign in column 4.

Example—Prior year administrative error (incorrectly reported amount of Additional Medicare Tax actually withheld). Xavier Black's wages exceeded the \$200,000 withholding threshold for Additional Medicare Tax in November 2023. The total wages paid to Xavier for 2023 were \$230,000. You withheld \$270 (\$30,000 x 0.009) from Xavier's wages. However, on your fourth quarter 2023 Form 941, you mistakenly reported \$3,000 on line 5d, column 1, and Additional Medicare Tax withheld of \$27 on line 5d, column 2. You discover the error on March 11, 2024. This is an example of an administrative error that may be corrected in a later calendar year because the amount actually withheld isn't the amount reported on your fourth quarter 2023 Form 941. Use Form 941-X, line 13, to correct the error as shown below.

Column 1 (corrected amount)	30,000.00
Column 2 (Form 941, line 5d, column 1)	- 3,000.00
Column 3 (difference)	27,000.00

Use the difference in column 3 to determine your tax correction.

Column 3 (difference)	27,000.00
Tax rate (0.9%)	x 0.009
Column 4 (tax correction)	243.00

Be sure to explain the reasons for this correction on line 43.

Prior year nonadministrative errors. You may correct **only** the taxable wages and tips subject to Additional Medicare Tax withholding that you reported on Form 941, line 5d, column 1. Enter the total corrected amount in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.

line 13 (column 1)	
- line 13 (column 2)	
line 13 (column 3)	If the amount in column 2 is larger than the amount in column 1, use a minus sign in column 3.

Don't multiply the amount in column 3 by 0.009 (0.9% tax rate). Leave column 4 blank and explain the reasons for this correction on line 43.

Example—Prior year nonadministrative error (failure to withhold Additional Medicare Tax when required). Sophie Rose's wages exceeded the \$200,000 withholding threshold for Additional Medicare Tax in December 2023. The total wages paid to Sophie for 2023 were \$220,000. You were required to withhold \$180 (\$20,000 x 0.009) but you withheld nothing and didn't report an amount on line 5d of your fourth quarter 2023 Form 941. You discover the error on March 11, 2024. File Form 941-X to correct wages and tips subject to Additional Medicare Tax withholding for your 2023 fourth quarter Form 941, but you may not correct the Additional

Medicare Tax withheld (column 4) because the error involves a previous year and the amount previously reported for Sophie represents the actual amount withheld from Sophie during 2023.

Combination of prior year administrative and nonadministrative errors. If you're reporting both administrative errors and nonadministrative errors for the same quarter of a prior year, enter the total corrected amount in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2. However, multiply only the amount of wages and tips reported in column 3 that are related to administrative errors by 0.009 (0.9% tax rate). Don't multiply any wages and tips reported in column 3 that are related to nonadministrative errors by 0.009 (0.9% tax rate). Use line 43 to explain in detail your corrections. The explanation must include the reasons for the corrections and a breakdown of the amount reported in column 3 into the amounts related to administrative errors and nonadministrative errors.

Example—Combination of prior year administrative and nonadministrative errors. Xavier Black's wages exceeded the \$200,000 withholding threshold for Additional Medicare Tax in November 2023. The total wages paid to Xavier for 2023 were \$230,000. You withheld \$270 (\$30,000 x 0.009) from Xavier's wages. However, on your fourth quarter 2023 Form 941, you mistakenly reported \$3,000 on line 5d, column 1, and Additional Medicare Tax withheld of \$27 on line 5d, column 2. The difference in wages subject to Additional Medicare Tax related to this administrative error is \$27,000 (\$30,000 - \$3,000).

Sophie Rose's wages exceeded the \$200,000 withholding threshold for Additional Medicare Tax in December 2023. The total wages paid to Sophie for 2023 were \$220,000. You were required to withhold \$180 (\$20,000 x 0.009) but you withheld nothing and didn't report Sophie's \$20,000 in wages subject to Additional Medicare Tax withholding on line 5d of your fourth quarter 2023 Form 941.

You discover both errors on March 11, 2024. Use Form 941-X, line 13, to correct the errors as shown below.

Column 1 (corrected amount)	50,000.00
Column 2 (Form 941, line 5d, column 1)	- 3,000.00
Column 3 (difference)	47,000.00

Determine the portion of wages and tips reported in column 3 that is related to the administrative error (\$47,000 - \$20,000 (nonadministrative error) = \$27,000 (administrative error)). Multiply this portion of column 3 by 0.009 (0.9% tax rate) to determine your tax correction.

Difference related to administrative error	27,000.00
Tax rate (0.9%)	x 0.009
Column 4 (tax correction)	243.00

Be sure to explain the reasons for these corrections on line 43. You must also report that \$20,000 of the amount shown in column 3 was related to the correction of a prior

year nonadministrative error and \$27,000 of the amount shown in column 3 was related to the correction of an administrative error.

14. Section 3121(q) Notice and Demand—Tax on Unreported Tips

Enter on line 14 any corrections to amounts reported on Form 941, line 5f, for the tax due from a Section 3121(q) Notice and Demand. The IRS issues a Section 3121(q) Notice and Demand to advise an employer of the amount of tips received by employees who failed to report or underreported tips to the employer. An employer isn't liable for the employer share of the social security and Medicare taxes on unreported tips until a Section 3121(q) Notice and Demand for the taxes is made to the employer by the IRS.

Be sure to explain the reasons for any corrections on line 43.

15. Tax Adjustments



For purposes of these instructions, all references to “sick pay” mean ordinary sick pay, not “qualified sick leave wages.”

Use line 15 to correct any adjustments reported on Form 941, lines 7–9. Enter in column 1 the total corrected amount for Form 941, lines 7–9.

Enter in column 2 the total originally reported or previously corrected amounts from Form 941, lines 7–9. In column 3, enter the difference between columns 1 and 2.

line 15 (column 1)
-line 15 (column 2)
line 15 (column 3)



You may need to report negative numbers in any column. Make sure that the difference you enter in column 3 accurately represents the change to adjustments originally reported or previously corrected on Form 941, lines 7–9.

Copy the amount in column 3 to column 4. Include any minus sign shown in column 3.

On line 43, describe what you misreported on Form 941. Tell us if your adjustment is for fractions of cents, third-party sick pay, tips, or group-term life insurance.

Example—Current quarter's third-party sick pay underreported. You reported \$6,900 (shown as “-6,900.00”) as a third-party sick pay adjustment (reduction to tax) on line 8 of your 2023 second quarter Form 941. You didn't report any amounts on lines 7 and 9. Your third-party sick pay adjustment should've been \$9,600 (shown as “-9,600.00”) because your third-party sick pay payer withheld that amount of social security and Medicare taxes from your employees. You discovered the error in April of 2024. To correct the error, figure the difference on Form 941-X as shown.

Column 1 (corrected amount)	-9,600.00
Column 2 (Form 941, line 8)	- (6,900.00)
Column 3 (difference)	-2,700.00

Here is how you would enter the numbers on Form 941-X.

Column 1 (corrected amount)	Column 2 (Form 941, line 8)	Column 3 (difference)
-9,600.00	-6,900.00	-2,700.00

Report “-2,700.00” as your correction in column 4.

In this example, you're claiming a credit for \$2,700 in overreported tax for your 2023 second quarter Form 941. Always enter the same amount in column 4 (including any minus sign) that you enter in column 3.

Be sure to explain the reasons for this correction on line 43.

16. Qualified Small Business Payroll Tax Credit for Increasing Research Activities



The payroll tax credit election must be made on or before the due date of the originally filed income tax return (including extensions). Any election to take the payroll tax credit may be revoked only with the consent of the IRS.

If you're correcting the qualified small business payroll tax credit for increasing research activities that you reported on Form 941, line 11a (line 11 for quarters beginning after December 31, 2023), enter the total corrected amount in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.

Copy the amount in column 3 to column 4. However, to properly show the amount as a credit or balance due item, enter a positive number in column 3 as a negative number in column 4 or a negative number in column 3 as a positive number in column 4.

You must attach a corrected Form 8974 and explain the reasons for this correction on line 43.

17. Nonrefundable Portion of Credit for Qualified Sick and Family Leave Wages for Leave Taken After March 31, 2020, and Before April 1, 2021



Form 941-X and these instructions use the terms “nonrefundable” and “refundable” when discussing credits. The term “nonrefundable” means the portion of the credit which is limited by law to certain taxes. The term “refundable” means the portion of the credit which is in excess of those taxes.



Generally, the period of limitations for correcting the nonrefundable portion of credit for qualified sick and family leave wages paid in the second, third, and fourth quarters of 2020 expired on April 15, 2024, for most employers. For more information about the period of limitations, see [Is There a Deadline for Filing Form 941-X](#), earlier.

For corrections to Form 941, line 11b, the credit for qualified sick and family leave wages is only available for wages paid with respect to leave taken after March 31, 2020, and before April 1, 2021. Don't enter an amount on line 17 if you're correcting a quarter that began before April 1, 2020.

If you're correcting the nonrefundable portion of the credit for qualified sick and family leave wages for leave taken after March 31, 2020, and before April 1, 2021, that you reported on Form 941, line 11b, enter the total corrected amount from [Worksheet 1](#), Step 2, line 2j, in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2. For more information about the credit for qualified sick and family leave wages, go to [IRS.gov/PLC](#).

Copy the amount in column 3 to column 4. However, to properly show the amount as a credit or balance due item, enter a positive number in column 3 as a negative number in column 4 or a negative number in column 3 as a positive number in column 4.

Definition of qualified sick and family leave wages for leave taken after March 31, 2020, and before April 1, 2021. For purposes of the credit for qualified sick and family leave wages, qualified sick and family leave wages are wages for social security and Medicare tax purposes, determined without regard to the exclusions from the definition of employment under sections 3121(b)(1)–(22), that an employer pays that otherwise meet the requirements of the Emergency Paid Sick Leave Act (EPSLA) or the Emergency Family and Medical Leave Expansion Act (Expanded FMLA), as enacted under the FFCRA and amended by the COVID-related Tax Relief Act of 2020. However, don't include any wages otherwise excluded under sections 3121(b)(1)–(22) when reporting qualified sick and family leave wages on your employment tax return and when figuring the credit on [Worksheet 1](#), Step 2, lines 2a and 2a(i), and on Step 2, lines 2e and 2e(i). Instead, include qualified sick leave wages and qualified family leave wages excluded from the definition of employment under sections 3121(b)(1)–(22) separately in Step 2, line 2a(iii) and/or line 2e(iii), respectively, before you figure your total credit in Step 2, line 2d (credit for qualified sick leave wages), or Step 2, line 2h (credit for qualified family leave wages).

The April 2020 revision and July 2020 revision of the Instructions for Form 941 were released before the COVID-related Tax Relief Act of 2020 was enacted on December 27, 2020; therefore, [Worksheet 1](#), in those Instructions for Form 941, didn't include lines to add the wages that meet an exclusion under sections 3121(b)(1)–(22) when figuring the credits for qualified sick and family leave wages. If your Form 941 for the second, third, or fourth quarter of 2020 didn't claim the correct amount of the credit for qualified sick and family leave wages

because you paid qualified sick leave wages and/or qualified family leave wages that meet an exclusion under sections 3121(b)(1)–(22) and the period of limitations is still open, you may file Form 941-X and complete [Worksheet 1](#) to claim the correct amount of the credit. You'll also include on Form 941-X, lines 28 and 29, and on [Worksheet 1](#) any qualified health plan expenses allocable to those wages. The appropriate lines related to the exclusions under sections 3121(b)(1)–(22) were added to [Worksheet 1](#) in the first quarter 2021 Instructions for Form 941 (Revised March 2021).

Example—Nonrefundable portion of credit for qualified sick and family leave wages increased. Following [Example—Qualified sick leave wages increased](#) in the instructions for line 9, you originally reported a \$1,000 nonrefundable portion of the credit for qualified sick and family leave wages on Form 941, line 11b, for the first quarter of 2021. You use [Worksheet 1](#) to refigure the correct nonrefundable portion of the credit for qualified sick and family leave wages and you determine that the correct credit is now \$2,000. To correct the error, figure the difference on Form 941-X as shown.

Column 1 (corrected amount)	2,000.00
Column 2 (Form 941, line 11b)	- 1,000.00
Column 3 (difference)	1,000.00

To properly show the credit increase as a reduction to your tax balance, enter the positive number in column 3 as a negative number in column 4. Here is how you would enter the numbers on Form 941-X, line 17.

Column 1 (corrected amount)	Column 2 (Form 941, line 11b)	Column 3 (difference)	Column 4 (tax correction)
2,000.00	1,000.00	1,000.00	-1,000.00

Be sure to explain the reasons for this correction on line 43.

18a. Nonrefundable Portion of Employee Retention Credit

Use line 18a only for corrections to quarters beginning after March 31, 2020, and before January 1, 2022.



Section 206(c) of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 removed the restriction on an employer who has received a Small Business Interruption Loan under the Paycheck Protection Program (PPP) from claiming the employee retention credit. The eligible employer can claim the employee retention credit on any qualified wages that aren't counted as payroll costs in obtaining PPP loan forgiveness. Any wages that could count toward eligibility for the employee retention credit or PPP loan forgiveness can be applied to either of these two programs, but not both. If your Form 941 didn't claim the correct amount for the employee retention credit because you received a Small Business Interruption Loan under the PPP, you may file Form 941-X and complete [Worksheet 2](#) to claim the correct amount of the credit. For more information, see

Notice 2021-20, 2021-11 I.R.B. 922, available at [IRS.gov/irb/2021-11_IRB#NOT-2021-20](https://www.irs.gov/irb/2021-11_IRB#NOT-2021-20); and Rev. Proc. 2021-33, 2021-34 I.R.B. 327, available at [IRS.gov/irb/2021-34_IRB#REV-PROC-2021-33](https://www.irs.gov/irb/2021-34_IRB#REV-PROC-2021-33).

Instructions for Qualified Wages Paid After March 12, 2020, and Before July 1, 2021



Generally, the period of limitations for correcting the nonrefundable portion of the employee retention credit for the second, third, and fourth quarters of 2020 expired on April 15, 2024, for most employers. For more information about the period of limitations, see [Is There a Deadline for Filing Form 941-X](#), earlier. Although lines 33a and 34, which were used to correct qualified wages paid March 13 through March 31, 2020, for the employee retention credit, are now reserved, we continue to reference those dates throughout these instructions and Worksheet 2.

If you're correcting the nonrefundable portion of the employee retention credit for qualified wages paid after March 12, 2020, and before July 1, 2021, that you reported on Form 941, line 11c, enter the total corrected amount from [Worksheet 2](#), Step 2, line 2j, in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.

Copy the amount in column 3 to column 4. However, to properly show the amount as a credit or balance due item, enter a positive number in column 3 as a negative number in column 4 or a negative number in column 3 as a positive number in column 4. For an example of how to report amounts in columns 1–4 for an employment tax credit, see the instructions for [line 17](#), earlier.

For more information about the employee retention credit for qualified wages paid after March 12, 2020, and before January 1, 2021, see [Notice 2021-20](#). See Notice 2021-23, 2021-16 I.R.B. 1113, available at [IRS.gov/irb/2021-16_IRB#NOT-2021-23](https://www.irs.gov/irb/2021-16_IRB#NOT-2021-23), for more information about the employee retention credit for qualified wages paid after December 31, 2020, and before July 1, 2021. Also see section IV of Notice 2021-49, 2021-34 I.R.B. 316, available at [IRS.gov/irb/2021-34_IRB#NOT-2021-49](https://www.irs.gov/irb/2021-34_IRB#NOT-2021-49); and [Rev. Proc. 2021-33](#).

Be sure to explain the reasons for this correction on line 43.



Adjustments to the nonrefundable portion of the employee retention credit for qualified wages paid after March 12, 2020, and before July 1, 2021, are reported on Form 941-X, line 18a, and adjustments to the refundable portion of the credit are reported on Form 941-X, line 26a. Adjustments to qualified wages for the employee retention credit are reported on Form 941-X, line 30. Adjustments to qualified health plan expenses allocable to the employee retention credit are reported on Form 941-X, line 31a. The employee retention credit may only be claimed on Form 941 filed for quarters beginning after March 31, 2020. If you claimed the employee retention credit on your original Form 941 for the quarter,

and you make any corrections on Form 941-X for the quarter to amounts used to figure this credit, you'll need to refigure the amount of the credit using [Worksheet 2](#). You'll also use this worksheet to figure this credit if you're claiming the credit for the first time on Form 941-X.

Instructions for Qualified Wages Paid After June 30, 2021, and Before January 1, 2022



The Infrastructure Investment and Jobs Act amends section 3134 of the Internal Revenue Code, as enacted under the ARP, to limit the availability of the employee retention credit in the fourth quarter of 2021 to employers that are recovery startup businesses, as defined in section 3134(c)(5). Thus, for wages paid after September 30, 2021, and before January 1, 2022, only the wages paid by recovery startup businesses can be qualified wages. See the December 2021 revision of the Instructions for Form 941 for more information about a recovery startup business.

If you're correcting the nonrefundable portion of the employee retention credit for qualified wages paid after June 30, 2021, and before January 1, 2022, that you reported on Form 941, line 11c, enter the total corrected amount from [Worksheet 4](#), Step 2, line 2h, in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.

Copy the amount in column 3 to column 4. However, to properly show the amount as a credit or balance due item, enter a positive number in column 3 as a negative number in column 4 or a negative number in column 3 as a positive number in column 4. For an example of how to report amounts in columns 1–4 for an employment tax credit, see the instructions for [line 17](#), earlier.

For more information about the employee retention credit for qualified wages paid after June 30, 2021, and before January 1, 2022, see [Notice 2021-49](#) and [Rev. Proc. 2021-33](#). See Notice 2021-65, 2021-51 I.R.B. 880, available at [IRS.gov/irb/2021-51_IRB#NOT-2021-65](https://www.irs.gov/irb/2021-51_IRB#NOT-2021-65), for modifications to Notice 2021-49.

Be sure to explain the reasons for this correction on line 43.



Adjustments to the nonrefundable portion of the employee retention credit for qualified wages paid after June 30, 2021, and before January 1, 2022, are reported on Form 941-X, line 18a, and adjustments to the refundable portion of the credit are reported on Form 941-X, line 26a. Adjustments to qualified wages for the employee retention credit are reported on Form 941-X, line 30. Adjustments to qualified health plan expenses allocable to the employee retention credit are reported on Form 941-X, line 31a. If you claimed the employee retention credit on your original Form 941 for the quarter, and you make any corrections on Form 941-X for the quarter to amounts used to figure this credit, you'll need to refigure the amount of the credit using [Worksheet 4](#). You'll also use this worksheet to figure this credit if you're claiming the credit for the first time on Form 941-X.

18b. Nonrefundable Portion of Credit for Qualified Sick and Family Leave Wages for Leave Taken After March 31, 2021, and Before October 1, 2021

For corrections to Form 941, line 11d, the credit for qualified sick and family leave wages is only available for wages paid with respect to leave taken after March 31, 2021, and before October 1, 2021. Don't enter an amount on line 18b if you're correcting a quarter that began before April 1, 2021.

If you're correcting the nonrefundable portion of the credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021, that you reported on Form 941, line 11d, enter the total corrected amount from [Worksheet 3](#), Step 2, line 2r, in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2. For more information about the credit for qualified sick and family leave wages, go to [IRS.gov/PLC](https://www.irs.gov/PLC).

Copy the amount in column 3 to column 4. However, to properly show the amount as a credit or balance due item, enter a positive number in column 3 as a negative number in column 4 or a negative number in column 3 as a positive number in column 4. For an example of how to report amounts in columns 1–4 for an employment tax credit, see the instructions for [line 17](#), earlier.

Definition of qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021. For purposes of this credit, qualified sick leave wages and qualified family leave wages are wages for social security and Medicare tax purposes, determined without regard to the exclusions from the definition of employment under sections 3121(b)(1)–(22), that an employer pays that otherwise meet the requirements of the EPSLA or Expanded FMLA, as enacted under the FFCRA and amended for purposes of the ARP. Taxable qualified sick leave wages and qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021, were included on Form 941, line 5a, column 1, and can be adjusted only on Form 941-X, line 8. Total qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021, including any qualified leave wages that were above the social security wage base and any qualified leave wages excluded from the definition of employment under sections 3121(b)(1)–(22), were included on Form 941, lines 23 and 26, respectively, and can be adjusted only on Form 941-X, lines 35 and 38, respectively. Use [Worksheet 3](#) to figure your credit.

Be sure to explain the reasons for this correction on line 43.

18c. Nonrefundable Portion of COBRA Premium Assistance Credit

The COBRA premium assistance was available for periods of coverage beginning on or after April 1, 2021, through periods of coverage beginning on or before September 30, 2021. For more information, see [Credit for COBRA premium assistance payments is limited to periods of coverage beginning on or after April 1, 2021](#).

[through periods of coverage beginning on or before September 30, 2021](#) under *Reminders*, earlier. Use line 18c only for corrections to quarters beginning after March 31, 2021.



Premium payees that receive an election from an assistance eligible individual are entitled to the COBRA premium assistance credit for premiums not paid during the quarter in which the election is received. See [Notice 2021-31](#) for more information.

If you're correcting the nonrefundable portion of the COBRA premium assistance credit that you reported on Form 941, line 11e, enter the total corrected amount from [Worksheet 5](#), Step 2, line 2g, in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.

Copy the amount in column 3 to column 4. However, to properly show the amount as a credit or balance due item, enter a positive number in column 3 as a negative number in column 4 or a negative number in column 3 as a positive number in column 4. For an example of how to report amounts in columns 1–4 for an employment tax credit, see the instructions for [line 17](#), earlier.

Be sure to explain the reasons for this correction on line 43.

18d. Number of Individuals Provided COBRA Premium Assistance

Use line 18d only for corrections to quarters beginning after March 31, 2021.

If you're correcting the number of individuals provided COBRA premium assistance that you reported on Form 941, line 11f, enter the total corrected amount in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.

Be sure to explain the reasons for this correction on line 43.

19–22. Special Additions to Wages for Federal Income Tax, Social Security Taxes, Medicare Taxes, and Additional Medicare Tax

Section 3509 provides special rates for the employee share of federal income tax, social security tax, Medicare tax, and Additional Medicare Tax withholding when workers are reclassified as employees in certain circumstances. The applicable rate depends on whether you filed required information returns. An employer can't recover any tax paid under this provision from the employees. The full employer share of social security tax and Medicare tax is due for all reclassifications.

Note. Section 3509 rates aren't available if you intentionally disregarded the requirements to withhold taxes from the employee, or if you withheld federal income tax but didn't withhold social security and Medicare taxes. Section 3509 rates are also not available for certain statutory employees.

On lines 19–22, enter **only** corrections to wages resulting from reclassifying certain workers as employees when section 3509 rates are used to calculate the taxes.

If the employer issued the required information returns, use the section 3509 rates as follows.

- For social security taxes, use the employer rate of 6.2% plus 20% of the employee rate of 6.2%, for a total rate of 7.44% of wages.
- For Medicare taxes, use the employer rate of 1.45% plus 20% of the employee rate of 1.45%, for a total rate of 1.74% of wages.
- For Additional Medicare Tax, 0.18% (20% of the employee rate of 0.9%) of wages subject to Additional Medicare Tax.
- For federal income tax withholding, the rate is 1.5% of wages.

If the employer didn't issue the required information returns, use the section 3509 rates as follows.

- For social security taxes, use the employer rate of 6.2% plus 40% of the employee rate of 6.2%, for a total rate of 8.68% of wages.
- For Medicare taxes, use the employer rate of 1.45% plus 40% of the employee rate of 1.45%, for a total rate of 2.03% of wages.
- For Additional Medicare Tax, 0.36% (40% of the employee rate of 0.9%) of wages subject to Additional Medicare Tax.
- For federal income tax withholding, the rate is 3.0% of wages.

Unlike some other lines on Form 941-X, enter in column 1 only the corrected wages for workers being reclassified, not the amount paid to **all** employees. Enter in column 2 previously reported wages (if any) to reclassified employees. To get the amount for column 4, use the applicable section 3509 rates. If you filed the required information returns for some employees but didn't file them for other employees, be sure to use the applicable rates for each employee when calculating the amounts in column 4 and show your calculations on line 43. The tax correction in column 4 will be a positive number if you increased the amount of wages you previously reported. See the instructions for [line 42](#), later, for more information.

23. Subtotal

Combine the amounts from column 4 on lines 7–22 and enter the result on line 23.

Example. You entered “1,400.00” in column 4 on line 7, “-500.00” in column 4 on line 8, and “-100.00” in column 4 on line 12. Combine these amounts and enter “800.00” in column 4 on line 23.

Line 7	1,400.00
Line 8	(500.00)
Line 12	+ (100.00)
Line 23	800.00

25. Refundable Portion of Credit for Qualified Sick and Family Leave Wages for Leave Taken After March 31, 2020, and Before April 1, 2021



Generally, the period of limitations for correcting the refundable portion of credit for qualified sick and family leave wages paid in the second, third, and fourth quarters of 2020 expired on April 15, 2024, for most employers. For more information about the period of limitations, see [Is There a Deadline for Filing Form 941-X, earlier](#).

For corrections to Form 941, line 13c, the credit for qualified sick and family leave wages is only available for wages paid with respect to leave taken after March 31, 2020, and before April 1, 2021. Don't enter an amount on line 25 if you're correcting a quarter that began before April 1, 2020.

If you're correcting the refundable portion of the credit for qualified sick and family leave wages for leave taken after March 31, 2020, and before April 1, 2021, that you reported on Form 941, line 13c, enter the total corrected amount from [Worksheet 1](#), Step 2, line 2k, in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2. For more information about the credit for qualified sick and family leave wages, go to [IRS.gov/PLC](#).

Copy the amount in column 3 to column 4. However, to properly show the amount as a credit or balance due item, enter a positive number in column 3 as a negative number in column 4 or a negative number in column 3 as a positive number in column 4. For an example of how to report amounts in columns 1–4 for an employment tax credit, see the instructions for [line 17](#), earlier.

Be sure to explain the reasons for this correction on line 43.

26a. Refundable Portion of Employee Retention Credit

Use line 26a only for corrections to quarters beginning after March 31, 2020, and before January 1, 2022.

Instructions for Qualified Wages Paid After March 12, 2020, and Before July 1, 2021



Generally, the period of limitations for correcting the refundable portion of the employee retention credit for the second, third, and fourth quarters of 2020 expired on April 15, 2024, for most employers. For more information about the period of limitations, see [Is There a Deadline for Filing Form 941-X, earlier](#). Although lines 33a and 34, which were used to correct qualified wages paid March 13 through March 31, 2020, for the employee retention credit, are now reserved, we continue to reference those dates throughout these instructions and [Worksheet 2](#).

If you're correcting the refundable portion of the employee retention credit that you reported on Form 941, line 13d, for qualified wages paid after March 12, 2020, and before July 1, 2021, enter the total corrected amount

from [Worksheet 2](#), Step 2, line 2k, in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2. For more information about the employee retention credit for qualified wages paid after March 12, 2020, and before January 1, 2021, see [Notice 2021-20](#). See [Notice 2021-23](#) for more information about the employee retention credit for qualified wages paid after December 31, 2020, and before July 1, 2021. Also see section IV of [Notice 2021-49](#), and [Rev. Proc. 2021-33](#).

Copy the amount in column 3 to column 4. However, to properly show the amount as a credit or balance due item, enter a positive number in column 3 as a negative number in column 4 or a negative number in column 3 as a positive number in column 4. For an example of how to report amounts in columns 1–4 for an employment tax credit, see the instructions for [line 17](#), earlier.

Be sure to explain the reasons for this correction on line 43.

Instructions for Qualified Wages Paid After June 30, 2021, and Before January 1, 2022

If you're correcting the refundable portion of the employee retention credit that you reported on Form 941, line 13d, for qualified wages paid after June 30, 2021, and before January 1, 2022, enter the total corrected amount from [Worksheet 4](#), Step 2, line 2i, in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2. For more information about the employee retention credit for qualified wages paid after June 30, 2021, and before January 1, 2022, see [Notice 2021-49](#) and [Rev. Proc. 2021-33](#). See [Notice 2021-65](#) for modifications to Notice 2021-49.

Copy the amount in column 3 to column 4. However, to properly show the amount as a credit or balance due item, enter a positive number in column 3 as a negative number in column 4 or a negative number in column 3 as a positive number in column 4. For an example of how to report amounts in columns 1–4 for an employment tax credit, see the instructions for [line 17](#), earlier.

Be sure to explain the reasons for this correction on line 43.

Corrections to Form 941, Line 13f (For Quarters Beginning After March 31, 2020, and Ending Before April 1, 2021) or Line 13h (For Quarters Beginning After March 31, 2021, and Ending Before January 1, 2022)

Form 941-X doesn't include a line to correct amounts reported on Form 941, line 13f (13h), for the total advances received from filing Form(s) 7200 for the quarter. If a discrepancy exists between the amount reported on Form 941 and the amount of advance payments issued, the IRS will generally correct the amount reported on Form 941, line 13f (13h), to match the amount of advance payments issued. However, aggregate filers may need to correct the amount reported on Form

941, line 13f (13h), to reflect the correct advance payments received by their clients or customers. If you're an aggregate filer that needs to correct the amount reported on Form 941, line 13f (13h), include any increase or decrease to the amount in the "Total" reported on Form 941-X, line 27; write "Correction to line 13f" or "Correction to line 13h," as applicable, on the dotted line to the left of the entry box on line 27; explain your correction on line 43; and attach Schedule R (Form 941) to Form 941-X to show corrections for your clients or customers.

26b. Refundable Portion of Credit for Qualified Sick and Family Leave Wages for Leave Taken After March 31, 2021, and Before October 1, 2021

For corrections to Form 941, line 13e, the credit for qualified sick and family leave wages is only available for wages paid with respect to leave taken after March 31, 2021, and before October 1, 2021. Don't enter an amount on line 26b if you're correcting a quarter that began before April 1, 2021.

If you're correcting the refundable portion of the credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021, that you reported on Form 941, line 13e, enter the total corrected amount from [Worksheet 3](#), Step 2, line 2s, in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2. For more information about the credit for qualified sick and family leave wages, go to [IRS.gov/PLC](#).

Copy the amount in column 3 to column 4. However, to properly show the amount as a credit or balance due item, enter a positive number in column 3 as a negative number in column 4 or a negative number in column 3 as a positive number in column 4. For an example of how to report amounts in columns 1–4 for an employment tax credit, see the instructions for [line 17](#), earlier.

Be sure to explain the reasons for this correction on line 43.

26c. Refundable Portion of COBRA Premium Assistance Credit

The COBRA premium assistance was available for periods of coverage beginning on or after April 1, 2021, through periods of coverage beginning on or before September 30, 2021. For more information, see [Credit for COBRA premium assistance payments is limited to periods of coverage beginning on or after April 1, 2021, through periods of coverage beginning on or before September 30, 2021](#) under *Reminders*, earlier. Use line 26c only for corrections to quarters beginning after March 31, 2021.

If you're correcting the refundable portion of the COBRA premium assistance credit that you reported on Form 941, line 13f, enter the total corrected amount from [Worksheet 5](#), Step 2, line 2h, in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.

Copy the amount in column 3 to column 4. However, to properly show the amount as a credit or balance due item, enter a positive number in column 3 as a negative number in column 4 or a negative number in column 3 as a positive number in column 4. For an example of how to report amounts in columns 1–4 for an employment tax credit, see the instructions for [line 17](#), earlier.

Be sure to explain the reasons for this correction on line 43.

27. Total

Combine the amounts from column 4 on lines 23–26c and enter the result on line 27.

Your credit. If the amount entered on line 27 is less than zero, for example, “-115.00,” you have a credit because you overreported your federal employment taxes.

- If you checked the box on line 1, include this amount on the “Total deposits” line of Form 941 for the quarter during which you filed Form 941-X. If you currently file Form 944 because your filing requirement changed, include this amount on the “Total deposits” line of Form 944 for the year during which you filed Form 941-X. Don’t make any changes to your record of federal tax liability reported on Form 941, line 16, or Schedule B (Form 941) if your Form 941-X is filed timely. The amounts reported on the record should reflect your actual tax liability for the period.
- If you checked the box on line 2, you’re filing a claim for refund or abatement of the amount shown.

If your credit is less than \$1, we will send a refund or apply it only if you ask us in writing to do so.

Amount you owe. If the amount on line 27 is a positive number, you must **pay** the amount you owe **by the time you file** Form 941-X. You may not use any credit that you show on another Form 941-X to pay the amount you owe, even if you filed for the amount you owe and the credit at the same time.

If you owe tax and are filing a timely Form 941-X, don’t 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). Don’t 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. The total tax reported on the “Total liability for the quarter” line of Schedule B (Form 941) must match the corrected tax (Form 941, line 12, combined with any correction reported on Form 941-X, line 23) for the quarter, less any previous abatements and interest-free tax assessments.

Payment methods. You may pay the amount you owe on line 27 electronically using the Electronic Federal Tax Payment System (EFTPS), by credit or debit card, or by a check or money order.

- The preferred method of payment is EFTPS. For more information, go to [EFTPS.gov](#) or call 800-555-4477 (800-244-4829 (Spanish) or 303-967-5916 if you're outside the United States (toll call)). To contact EFTPS using Telecommunications Relay Services (TRS) for

people who are deaf, hard of hearing, or have a speech disability, dial 711 and then provide the TRS assistant the 800-555-4477 number above or 800-733-4829. Additional information about EFTPS is also available in Pub. 966.

- To pay by credit or debit card, go to [IRS.gov/PayByCard](#). Your payment will be processed by a payment processor who will charge a processing fee.
- If you pay by check or money order, make it payable to “United States Treasury.” On your check or money order, be sure to write your EIN, “Form 941-X,” the calendar quarter you corrected (for example, “Quarter 2”), and the calendar year of the quarter you corrected.

You don’t have to pay if the amount you owe is less than \$1.

Previously assessed FTD penalty. If line 27 reflects overreported tax and the IRS previously assessed an FTD penalty, you may be able to reduce the penalty. For more information, see the Instructions for Schedule B (Form 941).

Lines 28–40

For lines 28–31a, line 32, and lines 35–40, you’ll only enter amounts in columns 1, 2, and 3. These lines don’t have an entry space for column 4 because these adjustments don’t directly result in an increase or decrease to your tax. The amounts entered on lines 28–31a, line 32, and lines 35–40 are amounts that you use in Worksheets 1–5, as applicable, to figure your credits. If you reported an incorrect amount on lines 19–28 on your original Form 941, then you’ll use lines 28–31a, line 32, and lines 35–40 of Form 941-X to report the correction. Use Worksheets 1–5, as applicable, to refigure your credits based on the corrected amounts reported in column 1. For details on how to complete line 31b, see the instructions for [line 31b](#), later. Be sure to explain the reasons for your corrections on line 43.

28. Qualified Health Plan Expenses Allocable to Qualified Sick Leave Wages for Leave Taken After March 31, 2020, and Before April 1, 2021



Generally, the period of limitations for correcting qualified health plan expenses allocable to qualified sick leave wages paid in the second, third, and fourth quarters of 2020 expired on April 15, 2024, for most employers. For more information about the period of limitations, see [Is There a Deadline for Filing Form 941-X](#), earlier.

If you’re correcting the qualified health plan expenses allocable to qualified sick leave wages for leave taken after March 31, 2020, and before April 1, 2021, that you reported on Form 941, line 19, enter the total corrected amount for all employees in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2. Enter the corrected amount from column 1 on [Worksheet 1](#), Step 2, line 2b.

29. Qualified Health Plan Expenses Allocable to Qualified Family Leave Wages for Leave Taken After March 31, 2020, and Before April 1, 2021



Generally, the period of limitations for correcting qualified health plan expenses allocable to qualified family leave wages paid in the second, third, and fourth quarters of 2020 expired on April 15, 2024, for most employers. For more information about the period of limitations, see [Is There a Deadline for Filing Form 941-X](#), earlier.

If you're correcting the qualified health plan expenses allocable to qualified family leave wages for leave taken after March 31, 2020, and before April 1, 2021, that you reported on Form 941, line 20, enter the total corrected amount for all employees in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2. Enter the corrected amount from column 1 on [Worksheet 1](#), Step 2, line 2f.

30. Qualified Wages for the Employee Retention Credit



Generally, the period of limitations for correcting qualified wages for the employee retention credit in the second, third, and fourth quarters of 2020 expired on April 15, 2024, for most employers. For more information about the period of limitations, see [Is There a Deadline for Filing Form 941-X](#), earlier.

Use line 30 only for corrections to quarters beginning after March 31, 2020, and before January 1, 2022.

If you're correcting the qualified wages for the employee retention credit that you reported on Form 941, line 21, enter the total corrected amount for all employees in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2. Enter the corrected amount from column 1 on [Worksheet 2](#), Step 2, line 2a, for qualified wages paid after March 12, 2020, and before July 1, 2021. Enter the corrected amount from column 1 on [Worksheet 4](#), Step 2, line 2a, for qualified wages paid after June 30, 2021, and before January 1, 2022.

31a. Qualified Health Plan Expenses for the Employee Retention Credit



Generally, the period of limitations for correcting qualified health plan expenses allocable to wages for the employee retention credit in the second, third, and fourth quarters of 2020 expired on April 15, 2024, for most employers. For more information about the period of limitations, see [Is There a Deadline for Filing Form 941-X](#), earlier.

Use line 31a only for corrections to quarters beginning after March 31, 2020, and before January 1, 2022.

If you're correcting the qualified health plan expenses allocable to wages reported on Form 941, line 21, that you reported on Form 941, line 22, enter the total corrected amount for all employees in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2. Enter the corrected amount from column

1 on [Worksheet 2](#), Step 2, line 2b, for qualified health plan expenses allocable to qualified wages paid after March 12, 2020, and before July 1, 2021. Enter the corrected amount from column 1 on [Worksheet 4](#), Step 2, line 2b, for qualified health plan expenses allocable to qualified wages paid after June 30, 2021, and before January 1, 2022.

31b. Recovery Startup Business Checkbox



For the fourth quarter of 2021, only a recovery startup business may claim the employee retention credit.

Whether you check the box on line 31b to tell us if you're eligible for the employee retention credit in the third or fourth quarter of 2021 **solely** because your business is a recovery startup business depends on its applicability and how you originally answered the question on Form 941, line 18b.

- If you checked the box on line 18b on your originally filed Form 941 and you still qualify for the employee retention credit solely because your business is a recovery startup business, check the box on line 31b.
- If you checked the box on line 18b on your originally filed Form 941 but that response is no longer accurate, don't check the box on line 31b. However, explain in detail on line 43 why you no longer think that you're a recovery startup business and, if correcting the third quarter of 2021, the reasons that you still qualify for the employee retention credit.
- If you didn't check the box on line 18b on your originally filed Form 941 and this question still doesn't apply, don't check the box on line 31b.
- If you didn't check the box on line 18b on your originally filed Form 941 but you're now claiming the employee retention credit as a recovery startup business, check the box on line 31b.

Recovery startup business. For the third quarter of 2021, a recovery startup business is an employer that:

- Began carrying on a trade or business after February 15, 2020;
- Had average annual gross receipts of \$1 million or less for the 3 tax years ending with the tax year before the calendar quarter in which the employee retention credit is claimed; and
- Isn't otherwise eligible for the employee retention credit because business operations aren't fully or partially suspended due to a governmental order or because gross receipts (within the meaning of section 448(c) or, if you're a tax-exempt organization, section 6033) aren't less than 80% of the gross receipts for the same calendar quarter in calendar year 2019. The employee retention credit isn't available in the second quarter of 2021 on the basis of being a recovery startup business.

For the fourth quarter of 2021, a recovery startup business is an employer that began carrying on a trade or business after February 15, 2020, and had average annual gross receipts of \$1 million or less for the 3 tax years ending with the tax year before the calendar quarter in which the employee retention credit is claimed.



Recovery startup businesses are limited to a maximum employee retention credit of \$50,000 per quarter. If you check the box on line 31b, don't enter more than \$50,000 per quarter in total on lines 18a and 26a.

32. Credit From Form 5884-C, Line 11, for This Quarter

Use line 32 only for corrections to quarters beginning after March 31, 2020, and before April 1, 2021.

If you're correcting the credit from Form 5884-C, line 11, for the second, third, or fourth quarter of 2020, or the first quarter of 2021, that you reported on Form 941, line 23, enter the total corrected amount in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2. Enter the corrected amount from column 1 on [Worksheet 1](#), Step 1, line 1j. Entering an amount here is strictly for purposes of figuring the credit for qualified sick and family wages for leave taken after March 31, 2020, and before April 1, 2021, on Worksheet 1. For purposes of figuring the employee retention credit for qualified wages paid after March 12, 2020, and before July 1, 2021, enter the corrected amount from column 1 on [Worksheet 2](#), Step 1, line 1k, unless you also completed Worksheet 1 and you're bringing the amount from Worksheet 1, Step 1, line 1l, forward to Worksheet 2, Step 1, line 1a. Reporting a correction on this line doesn't correct the credit claimed on Form 5884-C.

35. Qualified Sick Leave Wages for Leave Taken After March 31, 2021, and Before October 1, 2021

If you're correcting the qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021, that you reported on Form 941, line 23, enter the total corrected amount in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2. Enter the corrected amount from column 1 on [Worksheet 3](#), Step 2, line 2a.

Be sure to explain the reasons for this correction on line 43.

36. Qualified Health Plan Expenses Allocable to Qualified Sick Leave Wages for Leave Taken After March 31, 2021, and Before October 1, 2021

If you're correcting the qualified health plan expenses allocable to qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021, that you reported on Form 941, line 24, enter the total corrected amount for all employees in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2. Enter the corrected amount from column 1 on [Worksheet 3](#), Step 2, line 2b.

Be sure to explain the reasons for this correction on line 43.

37. Amounts Under Certain Collectively Bargained Agreements Allocable to Qualified Sick Leave Wages for Leave Taken After March 31, 2021, and Before October 1, 2021

If you're correcting the amounts under certain collectively bargained agreements allocable to qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021, that you reported on Form 941, line 25, enter the total corrected amount for all employees in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2. Enter the corrected amount from column 1 on [Worksheet 3](#), Step 2, line 2c.

Be sure to explain the reasons for this correction on line 43.

38. Qualified Family Leave Wages for Leave Taken After March 31, 2021, and Before October 1, 2021

If you're correcting the qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021, that you reported on Form 941, line 26, enter the total corrected amount in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2. Enter the corrected amount from column 1 on [Worksheet 3](#), Step 2, line 2g.

Be sure to explain the reasons for this correction on line 43.

39. Qualified Health Plan Expenses Allocable to Qualified Family Leave Wages for Leave Taken After March 31, 2021, and Before October 1, 2021

If you're correcting the qualified health plan expenses allocable to qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021, that you reported on Form 941, line 27, enter the total corrected amount for all employees in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2. Enter the corrected amount from column 1 on [Worksheet 3](#), Step 2, line 2h.

Be sure to explain the reasons for this correction on line 43.

40. Amounts Under Certain Collectively Bargained Agreements Allocable to Qualified Family Leave Wages for Leave Taken After March 31, 2021, and Before October 1, 2021

If you're correcting the amounts under certain collectively bargained agreements allocable to qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021, that you reported on Form 941, line 28, enter the total corrected amount for all employees in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2. Enter the corrected amount from column 1 on [Worksheet 3](#), Step 2, line 2i.

Be sure to explain the reasons for this correction on line 43.

Part 4: Explain Your Corrections for This Quarter

41. Corrections of Both Underreported and Overreported Amounts

Check the box on line 41 if any corrections you entered on lines 7–22, 25–26c, 28–31a, 32, or 35–40, column 3, reflect both underreported and overreported amounts.

Example. If you had an increase to social security wages of \$15,000 for Xavier Black and a decrease to social security wages of \$5,000 for Sophie Rose, you would enter \$10,000 on line 8, column 3. That \$10,000 represents the net change from corrections.

On line 43, you must explain the reasons for both the \$15,000 increase and the \$5,000 decrease.

42. Did You Reclassify Any Workers?

Check the box on line 42 if you reclassified any workers to be independent contractors or nonemployees. Also check this box if the IRS (or you) determined that workers you treated as independent contractors or nonemployees should be classified as employees. On line 43, give us a detailed reason why any worker was reclassified and, if you used section 3509 rates on [lines 19–22](#) for any worker reclassified as an employee, explain why section 3509 rates apply and what rates you used.

Return not filed because you didn't treat any workers as employees. If you didn't previously file Form 941 because you mistakenly treated all workers as independent contractors or nonemployees, file a Form 941 for each delinquent quarter.

On each Form 941 for which you're entitled to use section 3509 rates, complete the following steps.

- Write "**Misclassified Employees**" in **bold** letters across the top margin of page 1.
- Enter a zero on line 12.
- Complete the signature area.
- Attach a completed Form 941-X (see instructions next).

On each Form 941-X, complete the following steps.

- Complete the top of Form 941-X, including the date you discovered the error.
- Enter the wage amounts on lines 19–22, column 1.
- Enter zeros on lines 19–22, column 2.
- Complete columns 3 and 4 as instructed in Part 3.
- Provide a detailed statement on line 43.
- Complete the signature area.



*If you can't use section 3509 rates (for example, because the workers you treated as nonemployees were certain statutory employees), file a Form 941 for each delinquent quarter. Write "**Misclassified Employees**" in **bold** letters across the top margin of page 1 of each Form 941. Complete Form 941 using the Instructions for Form 941. Attach a Form 941-X to each Form 941. Complete the top of Form 941-X, including the date you discovered the error, and provide a detailed explanation on line 43.*

43. Explain Your Corrections

Treasury regulations require you to explain in detail the grounds and facts relied upon to support each correction. On line 43, describe in detail each correction you entered in column 4 on lines 7–22, and lines 25–26c. Also use line 43 to describe corrections made on line 6, lines 28–32, and lines 35–40. If you need more space, attach additional sheets, but be sure to write your name, EIN, "Form 941-X," the quarter you're correcting (for example, "Quarter 2"), and the calendar year of the quarter you're correcting on the top of each sheet.

You must describe the events that caused the underreported or overreported amounts. Explanations such as "social security and Medicare wages were overstated" or "administrative/payroll errors were discovered" or "taxes were not withheld" are insufficient and may delay processing your Form 941-X because the IRS may need to ask for a more complete explanation.

Provide the following information in your explanation for each correction.

- Form 941-X line number(s) affected.
- Date you discovered the error.
- Difference (amount of the error).
- Cause of the error.

You may report the information in paragraph form. The following paragraph is an example.

"The \$1,000 difference shown in column 3 on lines 6, 8, and 12 was discovered on May 13, 2024, during an internal payroll audit. We discovered that we included \$1,000 of wages for one of our employees twice. This correction removes the reported wages that were never paid."

For corrections shown on lines 19–22, explain why the correction was necessary and attach any notice you received from the IRS.

Part 5: Sign Here

You must complete all five pages of Form 941-X and sign it on page 5. If you don't sign, processing of Form 941-X will be delayed.

Who must sign the Form 941-X? The following persons are authorized to sign the return for each type of business entity.

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

Form 941-X 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-X 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, 2005-28 I.R.B. 82, at [IRS.gov/irb/2005-28_IRB#RP-2005-39](https://www.irs.gov/irb/2005-28_IRB#RP-2005-39).

Paid Preparer Use Only

A paid preparer must sign Form 941-X and provide the information in the *Paid Preparer Use Only* section of Part 5 if the preparer was paid to prepare Form 941-X and isn't an employee of the filing entity. Paid preparers must sign paper returns with a manual signature. The preparer must give you a copy of the return in addition to the copy to be filed with the IRS.

If you're a paid preparer, enter your Preparer Tax Identification Number (PTIN) in the space provided. Include your complete address. If you work for a firm, enter the firm's name and the EIN of the firm. You can apply for a PTIN online or by filing Form W-12. For more information about applying for a PTIN online, go to [IRS.gov/PTIN](https://www.irs.gov/PTIN). You can't use your PTIN in place of the EIN of the tax preparation firm.

Generally, you're not required to complete this section if you're filing the return as a reporting agent and have a valid Form 8655 on file with the IRS. However, a reporting agent must complete this section if the reporting agent offered legal advice, for example, advising the client on determining whether its workers are employees or independent contractors for federal tax purposes.

Worksheet 1. Adjusted Credit for Qualified Sick and Family Leave Wages for Leave Taken After March 31, 2020, and Before April 1, 2021



You must use this worksheet if you claimed the credit for qualified sick and family leave wages for leave taken after March 31, 2020, and before April 1, 2021, on your original Form 941 and you correct any amounts used to figure the credit for qualified sick and family leave wages for leave taken after March 31, 2020, and before April 1, 2021. You'll also use this worksheet to figure this credit if you're claiming it for the first time on Form 941-X. If you're a third-party payer, you must complete this worksheet for each client for which it is applicable, on a client-by-client basis.

Step 1. Determine the corrected employer share of social security tax this quarter after it is reduced by any credit claimed on Form 8974, Form 5884-C, and/or Form 5884-D

1a	Enter the amount of social security wages from Form 941, Part 1, line 5a, column 1, or, if corrected, the amount from Form 941-X, line 8, column 1	1a	_____
1b	Enter the amount of social security tips from Form 941, Part 1, line 5b, column 1, or, if corrected, the amount from Form 941-X, line 11, column 1	1b	_____
1c	Add lines 1a and 1b	1c	_____
1d	Multiply line 1c by 6.2% (0.062)	1d	_____
1e	If you're a third-party payer of sick pay that isn't an agent and you're claiming credits for amounts paid to your employees, enter the employer share of social security tax included on Form 941, Part 1, line 8, or, if corrected, the amount of the employer share of social security tax on sick pay that you included on Form 941-X, line 15, column 1 (enter as a negative number)	1e	_____
1f	Employer share of social security tax included on Form 941-X, line 20, column 4	1f	_____
1g	If you received a Section 3121(q) Notice and Demand during the quarter, enter the amount of the employer share of social security tax from the notice	1g	_____
1h	Employer share of social security tax. Combine lines 1d, 1e, 1f, and 1g	1h	_____
1i	Enter the amount from Form 8974, line 12 (including any amended Form 8974 attached to Form 941-X)	1i	_____
1j	Enter the amount from Form 5884-C, line 11, for this quarter (for quarters ending before April 1, 2021, this amount was also included on Form 941, Part 3, line 23, or, if corrected, the amount from Form 941-X, line 32, column 1)	1j	_____
1j(i)	Enter the amount from Form 5884-D, line 12, for this quarter	1j(i)	_____
1k	Total nonrefundable credits already used against the employer share of social security tax. Add lines 1i, 1j, and 1j(i)	1k	_____
1l	Employer share of social security tax remaining. Subtract line 1k from line 1h	1l	_____

Step 2. Figure the sick and family leave credit

2a	Qualified sick leave wages reported on Form 941, Part 1, line 5a(i), column 1, or, if corrected, the amount from Form 941-X, line 9, column 1	2a	_____
2a(i)	Qualified sick leave wages included on Form 941, Part 1, line 5c, or, if corrected, the amount from Form 941-X, line 12, column 1, but not included on Form 941, Part 1, line 5a(i), column 1, or Form 941-X, line 9, column 1, because the wages reported on that line were limited by the social security wage base	2a(i)	_____
2a(ii)	Total qualified sick leave wages. Add lines 2a and 2a(i)	2a(ii)	_____
2a(iii)	Qualified sick leave wages excluded from the definition of employment under sections 3121(b)(1)–(22)	2a(iii)	_____
2b	Qualified health plan expenses allocable to qualified sick leave wages (Form 941, Part 3, line 19, or, if corrected, Form 941-X, line 28, column 1)	2b	_____
2c	Employer share of Medicare tax on qualified sick leave wages. Multiply line 2a(ii) by 1.45% (0.0145)	2c	_____
2d	Credit for qualified sick leave wages. Add lines 2a(ii), 2a(iii), 2b, and 2c	2d	_____
2e	Qualified family leave wages reported on Form 941, Part 1, line 5a(ii), column 1, or, if corrected, the amount from Form 941-X, line 10, column 1	2e	_____
2e(i)	Qualified family leave wages included on Form 941, Part 1, line 5c, or, if corrected, the amount from Form 941-X, line 12, column 1, but not included on Form 941, Part 1, line 5a(ii), column 1, or Form 941-X, line 10, column 1, because the wages reported on that line were limited by the social security wage base	2e(i)	_____
2e(ii)	Total qualified family leave wages. Add lines 2e and 2e(i)	2e(ii)	_____
2e(iii)	Qualified family leave wages excluded from the definition of employment under sections 3121(b)(1)–(22)	2e(iii)	_____
2f	Qualified health plan expenses allocable to qualified family leave wages (Form 941, Part 3, line 20, or, if corrected, Form 941-X, line 29, column 1)	2f	_____
2g	Employer share of Medicare tax on qualified family leave wages. Multiply line 2e(ii) by 1.45% (0.0145)	2g	_____
2h	Credit for qualified family leave wages. Add lines 2e(ii), 2e(iii), 2f, and 2g	2h	_____
2i	Credit for qualified sick and family leave wages. Add lines 2d and 2h	2i	_____
2j	Nonrefundable portion of credit for qualified sick and family leave wages for leave taken after March 31, 2020, and before April 1, 2021. Enter the smaller of line 1l or line 2i. Enter this amount on Form 941-X, line 17, column 1	2j	=====
2k	Refundable portion of credit for qualified sick and family leave wages for leave taken after March 31, 2020, and before April 1, 2021. Subtract line 2j from line 2i and enter this amount on Form 941-X, line 25, column 1	2k	=====

Worksheet 2. Adjusted Employee Retention Credit for Qualified Wages Paid After March 12, 2020, and Before July 1, 2021

You must use this worksheet if you claimed the employee retention credit for qualified wages paid after March 12, 2020, and before July 1, 2021, on your original Form 941 and you correct any amounts used to figure the employee retention credit for qualified wages paid after March 12, 2020, and before July 1, 2021. You'll also use this worksheet to figure this credit if you're claiming it for the first time on Form 941-X. If you're a third-party payer, you must complete this worksheet for each client for which it is applicable, on a client-by-client basis.

Step 1. Determine the corrected employer share of social security tax this quarter after it is reduced by any credit claimed on Form 8974, Form 5884-C, and/or Form 5884-D

1a If you completed Worksheet 1 to claim a credit for qualified sick and family leave wages for leave taken after March 31, 2020, and before April 1, 2021, for a quarter in which you're also claiming the employee retention credit, enter the amount from Worksheet 1, Step 1, line 1l, and go to Step 2. Otherwise, complete lines 1b–1n below and then go to Step 2 1a _____

1b Enter the amount of social security wages from Form 941, Part 1, line 5a, column 1, or, if corrected, the amount from Form 941-X, line 8, column 1 1b _____

1c Enter the amount of social security tips from Form 941, Part 1, line 5b, column 1, or, if corrected, the amount from Form 941-X, line 11, column 1 1c _____

1d Add lines 1b and 1c 1d _____

1e Multiply line 1d by 6.2% (0.062) 1e _____

1f If you're a third-party payer of sick pay that isn't an agent and you're claiming credits for amounts paid to your employees, enter the employer share of social security tax included on Form 941, Part 1, line 8, or, if corrected, the amount of the employer share of social security tax on sick pay that you included on Form 941-X, line 15, column 1 (enter as a **negative** number) 1f _____

1g Employer share of social security tax included on Form 941-X, line 20, column 4 1g _____

1h If you received a Section 3121(q) Notice and Demand during the quarter, enter the amount of the employer share of social security tax from the notice 1h _____

1i **Employer share of social security tax.** Combine lines 1e, 1f, 1g, and 1h 1i _____

1j Enter the amount from Form 941, Part 1, line 11a, or, if corrected, the amount from Form 941-X, line 16, column 1 (credit from Form 8974) 1j _____

1k Enter the amount from Form 5884-C, line 11, for this quarter (for quarters ending before April 1, 2021, this amount was also included on Form 941, Part 3, line 23, or, if corrected, the amount from Form 941-X, line 32, column 1) 1k _____

1l Enter the amount from Form 5884-D, line 12, for this quarter 1l _____

1m **Total nonrefundable credits already used against the employer share of social security tax.** Add lines 1j, 1k, and 1l 1m _____

1n **Employer share of social security tax remaining.** Subtract line 1m from line 1i 1n _____

Step 2. Figure the employee retention credit

Caution: For qualified wages paid before January 1, 2021, the cumulative total for all quarters of 2020 that can be claimed on lines 2a, 2b, 2c, and 2d can't exceed \$10,000 per employee. For qualified wages paid after December 31, 2020, the total amount included on lines 2a and 2b can't exceed \$10,000 per employee each quarter.

2a Qualified wages (excluding qualified health plan expenses) for the employee retention credit (Form 941, Part 3, line 21, or, if corrected, Form 941-X, line 30, column 1) 2a _____

2b Qualified health plan expenses allocable to qualified wages for the employee retention credit (Form 941, Part 3, line 22, or, if corrected, Form 941-X, line 31a, column 1) 2b _____

2c Reserved for future use 2c _____

2d Reserved for future use 2d _____

2e Add lines 2a and 2b 2e _____

2f **Retention credit.** If you're correcting the second, third, or fourth quarter of 2020, multiply line 2e by 50% (0.50). If you're correcting the first or second quarter of 2021, multiply line 2e by 70% (0.70) 2f _____

2g Enter the amount of the employer share of social security tax from Step 1, line 1a, or, if applicable, Step 1, line 1n 2g _____

2h Enter the amount of the nonrefundable portion of the credit for qualified sick and family leave wages for leave taken after March 31, 2020, and before April 1, 2021 (this amount may come from Worksheet 1, Step 2, line 2j, in these instructions if you're correcting that credit for the quarter, or you may need to enter the credit claimed on your original Form 941 for the quarter) 2h _____

2i Subtract line 2h from line 2g 2i _____

2j **Nonrefundable portion of employee retention credit.** Enter the smaller of line 2f or line 2i. Enter this amount on Form 941-X, line 18a, column 1 2j _____

2k **Refundable portion of employee retention credit.** Subtract line 2j from line 2f and enter this amount on Form 941-X, line 26a, column 1 2k _____

Worksheet 3. Adjusted Credit for Qualified Sick and Family Leave Wages for Leave Taken After March 31, 2021, and Before October 1, 2021



You must use this worksheet if you claimed the credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021, on your original Form 941 and you correct any amounts used to figure the credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021. You'll also use this worksheet to figure this credit if you're claiming it for the first time on Form 941-X. If you're a third-party payer, you must complete this worksheet for each client for which it is applicable, on a client-by-client basis.

Step 1. Determine the corrected employer share of Medicare tax

1a Enter the amount of Medicare wages from Form 941, Part 1, line 5c, column 1, or, if corrected, the amount from Form 941-X, line 12, column 1 1a _____

1b Multiply line 1a by 1.45% (0.0145) 1b _____

1c If you're a third-party payer of sick pay that isn't an agent and you're claiming credits for amounts paid to your employees, enter the employer share of Medicare tax included on Form 941, Part 1, line 8, or, if corrected, the amount of the employer share of Medicare tax on sick pay that you included on Form 941-X, line 15, column 1 (enter as a **negative** number) 1c _____

1d Employer share of Medicare tax included on Form 941-X, line 21, column 4 1d _____

1e If you received a Section 3121(q) Notice and Demand during the quarter, enter the amount of the employer share of Medicare tax from the notice 1e _____

1f **Employer share of Medicare tax.** Combine lines 1b, 1c, 1d, and 1e 1f _____

1g For corrections to quarters beginning after December 31, 2022, only, enter the amount from Form 8974, line 16 (including any amended Form 8974 attached to Form 941-X) 1g _____

1h **Employer share of Medicare tax remaining.** Subtract line 1g from line 1f 1h _____

Step 2. Figure the sick and family leave credit

2a Qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021, reported on Form 941, Part 3, line 23, or, if corrected, the amount from Form 941-X, line 35, column 1 2a _____

2a(i) Qualified sick leave wages included on Form 941, Part 3, line 23, or, if corrected, the amount from Form 941-X, line 35, column 1, that were not included as wages reported on Form 941, Part 1, lines 5a and 5c, or, if corrected, the amount from Form 941-X, lines 8 and 12, column 1, because the qualified sick leave wages were excluded from the definition of employment under sections 3121(b)(1)-(22) 2a(i) _____

2a(ii) Subtract line 2a(i) from line 2a 2a(ii) _____

2a(iii) Qualified sick leave wages included on Form 941, Part 3, line 23, or, if corrected, the amount from Form 941-X, line 35, column 1, that were not included as wages reported on Form 941, Part 1, line 5a, or, if corrected, the amount from Form 941-X, line 8, column 1, because the qualified sick leave wages were limited by the social security wage base 2a(iii) _____

2a(iv) Subtract line 2a(iii) from line 2a(ii) 2a(iv) _____

2b Qualified health plan expenses allocable to qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021, reported on Form 941, Part 3, line 24, or, if corrected, the amount from Form 941-X, line 36, column 1 2b _____

2c Amounts under certain collectively bargained agreements allocable to qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021, reported on Form 941, Part 3, line 25, or, if corrected, the amount from Form 941-X, line 37, column 1 2c _____

2d Employer share of social security tax on qualified sick leave wages. Multiply line 2a(iv) by 6.2% (0.062) 2d _____

2e Employer share of Medicare tax on qualified sick leave wages. Multiply line 2a(ii) by 1.45% (0.0145) 2e _____

2f **Credit for qualified sick leave wages.** Add lines 2a, 2b, 2c, 2d, and 2e 2f _____

2g Qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021, reported on Form 941, Part 3, line 26, or, if corrected, the amount from Form 941-X, line 38, column 1 2g _____

2g(i) Qualified family leave wages included on Form 941, Part 3, line 26, or, if corrected, the amount from Form 941-X, line 38, column 1, that were not included as wages reported on Form 941, Part 1, lines 5a and 5c, or, if corrected, the amount from Form 941-X, lines 8 and 12, column 1, because the qualified family leave wages were excluded from the definition of employment under sections 3121(b)(1)-(22) 2g(i) _____

2g(ii) Subtract line 2g(i) from line 2g 2g(ii) _____

2g(iii) Qualified family leave wages included on Form 941, Part 3, line 26, or, if corrected, the amount from Form 941-X, line 38, column 1, that were not included as wages reported on Form 941, Part 1, line 5a, or, if corrected, the amount from Form 941-X, line 8, column 1, because the qualified family leave wages were limited by the social security wage base 2g(iii) _____

2g(iv) Subtract line 2g(iii) from line 2g(ii) 2g(iv) _____

2h Qualified health plan expenses allocable to qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021, reported on Form 941, Part 3, line 27, or, if corrected, the amount from Form 941-X, line 39, column 1 2h _____

2i Amounts under certain collectively bargained agreements allocable to qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021, reported on Form 941, Part 3, line 28, or, if corrected, the amount from Form 941-X, line 40, column 1 2i _____

2j Employer share of social security tax on qualified family leave wages. Multiply line 2g(iv) by 6.2% (0.062) 2j _____

2k Employer share of Medicare tax on qualified family leave wages. Multiply line 2g(ii) by 1.45% (0.0145) 2k _____

2l **Credit for qualified family leave wages.** Add lines 2g, 2h, 2i, 2j, and 2k 2l _____

2m **Credit for qualified sick and family leave wages.** Add lines 2f and 2l 2m _____

2n **For second quarter of 2021 only,** enter any employee retention credit claimed under section 2301 of the CARES Act (this amount may come from Worksheet 2, Step 2, line 2f, in these instructions if you're correcting that credit for the second quarter of 2021, or you may need to enter the credit claimed on your original Form 941 for the second quarter of 2021) with respect to any wages taken into account for the credit for qualified sick and family leave wages for the quarter 2n _____

2o Enter any credit claimed under section 41 for increasing research activities with respect to any wages taken into account for the credit for qualified sick and family leave wages 2o _____

2p Add lines 2n and 2o 2p _____

2q **Credit for qualified sick and family leave wages after adjusting for other credits.** Subtract line 2p from line 2m 2q _____

2r **Nonrefundable portion of credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021.** Enter the smaller of line 1h or line 2q. Enter this amount on Form 941-X, line 18b, column 1 2r _____

2s **Refundable portion of credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021.** Subtract line 2r from line 2q and enter this amount on Form 941-X, line 26b, column 1 2s _____

Worksheet 4. Adjusted Employee Retention Credit for Qualified Wages Paid After June 30, 2021, and Before January 1, 2022

You must use this worksheet if you claimed the employee retention credit for qualified wages paid after June 30, 2021, and before January 1, 2022, on your original Form 941 and you correct any amounts used to figure the employee retention credit for qualified wages paid after June 30, 2021, and before January 1, 2022. You'll also use this worksheet to figure this credit if you're claiming it for the first time on Form 941-X. If you're a third-party payer, you must complete this worksheet for each client for which it is applicable, on a client-by-client basis.

Step 1. Determine the corrected employer share of Medicare tax

- 1a If you completed Worksheet 3 to claim a credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021, for a quarter in which you're also claiming the employee retention credit, enter the amount from Worksheet 3, Step 1, line 1h, and go to Step 2. Otherwise, complete lines 1b–1g below and then go to Step 2 1a _____
- 1b Enter the amount of Medicare wages from Form 941, Part 1, line 5c, column 1, or, if corrected, the amount from Form 941-X, line 12, column 1 1b _____
- 1c Multiply line 1b by 1.45% (0.0145) 1c _____
- 1d If you're a third-party payer of sick pay that isn't an agent and you're claiming credits for amounts paid to your employees, enter the employer share of Medicare tax included on Form 941, Part 1, line 8, or, if corrected, the amount of the employer share of Medicare tax on sick pay that you included on Form 941-X, line 15, column 1 (enter as a **negative** number) 1d _____
- 1e Employer share of Medicare tax included on Form 941-X, line 21, column 4 1e _____
- 1f If you received a Section 3121(q) Notice and Demand during the quarter, enter the amount of the employer share of Medicare tax from the notice 1f _____
- 1g **Employer share of Medicare tax.** Combine lines 1c, 1d, 1e, and 1f 1g _____

Step 2. Figure the employee retention credit


Caution: You must be a recovery startup business to claim the employee retention credit for qualified wages paid after September 30, 2021, and before January 1, 2022 (fourth quarter 2021). The total amount included on lines 2a and 2b can't exceed \$10,000 per employee each quarter.

- 2a Qualified wages (excluding qualified health plan expenses) for the employee retention credit (Form 941, Part 3, line 21, or, if corrected, Form 941-X, line 30, column 1) 2a _____
- 2b Qualified health plan expenses allocable to qualified wages for the employee retention credit (Form 941, Part 3, line 22, or, if corrected, Form 941-X, line 31a, column 1) 2b _____
- 2c Add lines 2a and 2b 2c _____
- 2d **Retention credit.** Multiply line 2c by 70% (0.70). If you qualify for the employee retention credit **solely** because your business is a recovery startup business, don't enter more than \$50,000 per quarter 2d _____
- 2e Enter the amount of the employer share of Medicare tax from Step 1, line 1a, or, if applicable, Step 1, line 1g 2e _____
- 2f Enter the amount of the nonrefundable portion of the credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (this amount may come from Worksheet 3, Step 2, line 2r, in these instructions if you're correcting that credit or you may need to enter the credit claimed on your original Form 941) 2f _____
- 2g Subtract line 2f from line 2e 2g _____
- 2h **Nonrefundable portion of employee retention credit.** Enter the smaller of line 2d or line 2g. Enter this amount on Form 941-X, line 18a, column 1 2h _____
- 2i **Refundable portion of employee retention credit.** Subtract line 2h from line 2d and enter this amount on Form 941-X, line 26a, column 1 2i _____

You must use this worksheet if you claimed the COBRA premium assistance credit on your original Form 941 and you correct any amounts used to figure the COBRA premium assistance credit. You'll also use this worksheet to figure this credit if you're claiming it for the first time on Form 941-X. If you're a third-party payer, you must complete this worksheet for each client for which it is applicable, on a client-by-client basis.

Step 1. Determine the corrected employer share of Medicare tax		
1a	If you completed Worksheet 3 or Worksheet 4 for a quarter in which you're also claiming the COBRA premium assistance credit, enter the amount listed on Worksheet 3, line 1h, or Worksheet 4, line 1a or 1g (as applicable). Otherwise, complete lines 1b–1i below and then go to Step 2	1a _____
1b	Enter the amount of Medicare wages from Form 941, Part 1, line 5c, column 1, or, if corrected, the amount from Form 941-X, line 12, column 1	1b _____
1c	Multiply line 1b by 1.45% (0.0145)	1c _____
1d	If you're a third-party payer of sick pay that isn't an agent and you're claiming credits for amounts paid to your employees, enter the employer share of Medicare tax included on Form 941, Part 1, line 8, or, if corrected, the amount of the employer share of Medicare tax on sick pay that you included on Form 941-X, line 15, column 1 (enter as a negative number)	1d _____
1e	Employer share of Medicare tax included on Form 941-X, line 21, column 4	1e _____
1f	If you received a Section 3121(q) Notice and Demand during the quarter, enter the amount of the employer share of Medicare tax from the notice	1f _____
1g	Employer share of Medicare tax. Combine lines 1c, 1d, 1e, and 1f	1g _____
1h	For corrections to quarters beginning after December 31, 2022, only, enter the amount from Form 8974, line 16 (including any amended Form 8974 attached to Form 941-X)	1h _____
1i	Employer share of Medicare tax remaining. Subtract line 1h from line 1g	1i _____
Step 2. Figure the COBRA premium assistance credit		
2a	Enter the COBRA premium assistance that you provided this quarter	2a _____
2b	Enter the amount of the employer share of Medicare tax from Step 1, line 1a, or, if applicable, Step 1, line 1i	2b _____
2c	Enter the amount of the nonrefundable portion of the credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (this amount may come from Worksheet 3, Step 2, line 2r, in these instructions if you're correcting that credit for the quarter or you may need to enter the credit claimed on your original Form 941 for the quarter)	2c _____
2d	Enter the amount of the nonrefundable portion of the employee retention credit (this amount may come from Worksheet 4, Step 2, line 2h, in these instructions if you're correcting that credit for the quarter or you may need to enter the credit claimed on your original Form 941 for the quarter)	2d _____
2e	Other nonrefundable credits used against the employer share of Medicare tax. Add lines 2c and 2d	2e _____
2f	Subtract line 2e from line 2b	2f _____
2g	Nonrefundable portion of the COBRA premium assistance credit. Enter the smaller of line 2a or line 2f. Enter this amount on Form 941-X, line 18c, column 1	2g _____
2h	Refundable portion of the COBRA premium assistance credit. Subtract line 2g from line 2a and enter this amount on Form 941-X, line 26c, column 1	2h _____

How Can You Get Forms, Instructions, and Publications From the IRS?

 You can view, download, or print most of the forms, instructions, and publications you may need at [IRS.gov/Forms](https://www.irs.gov/Forms). Otherwise, you can go to [IRS.gov/OrderForms](https://www.irs.gov/OrderForms) to place an order and have them mailed to you. The IRS will process your order for forms and publications as soon as possible. Don't resubmit requests you've already sent us. You can get forms and publications faster online.

Paperwork Reduction Act Notice. We ask for the information on Form 941-X 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'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 section 6103.

The time needed to complete and file Form 941-X will vary depending on individual circumstances. The estimated burden for employers filing Form 941-X is approved under OMB control number 1545-0029 and is included in the estimates shown in the Instructions for Form 941.

Form **940 for 2023: Employer's Annual Federal Unemployment (FUTA) Tax Return**

Department of the Treasury — Internal Revenue Service

850113

OMB No. 1545-0028

Employer identification number (EIN) -

Name (not your trade name)

Trade name (if any)

Address

Number Street Suite or room number

City State ZIP code

Foreign country name Foreign province/country Foreign postal code

Type of Return
(Check all that apply.)

a. Amended

b. Successor employer

c. No payments to employees in 2023

d. Final: Business closed or stopped paying wages

Go to www.irs.gov/Form940 for instructions and the latest information.

Read the separate instructions before you complete this form. Please type or print within the boxes.

Part 1: Tell us about your return. If any line does NOT apply, leave it blank. See instructions before completing Part 1.

1a If you had to pay state unemployment tax in one state only, enter the state abbreviation 1a

1b If you had to pay state unemployment tax in more than one state, you are a multi-state employer 1b Check here. Complete Schedule A (Form 940).

2 If you paid wages in a state that is subject to CREDIT REDUCTION 2 Check here. Complete Schedule A (Form 940).

Part 2: Determine your FUTA tax before adjustments. If any line does NOT apply, leave it blank.

3 Total payments to all employees 3

4 Payments exempt from FUTA tax 4

Check all that apply: 4a Fringe benefits 4c Retirement/Pension 4e Other
4b Group-term life insurance 4d Dependent care

5 Total of payments made to each employee in excess of \$7,000 5

6 Subtotal (line 4 + line 5 = line 6) 6

7 Total taxable FUTA wages (line 3 - line 6 = line 7). See instructions. 7

8 FUTA tax before adjustments (line 7 x 0.006 = line 8) 8

Part 3: Determine your adjustments. If any line does NOT apply, leave it blank.

9 If ALL of the taxable FUTA wages you paid were excluded from state unemployment tax, multiply line 7 by 0.054 (line 7 x 0.054 = line 9). Go to line 12 9

10 If SOME of the taxable FUTA wages you paid were excluded from state unemployment tax, OR you paid ANY state unemployment tax late (after the due date for filing Form 940), complete the worksheet in the instructions. Enter the amount from line 7 of the worksheet 10

11 If credit reduction applies, enter the total from Schedule A (Form 940) 11

Part 4: Determine your FUTA tax and balance due or overpayment. If any line does NOT apply, leave it blank.

12 Total FUTA tax after adjustments (lines 8 + 9 + 10 + 11 = line 12) 12

13 FUTA tax deposited for the year, including any overpayment applied from a prior year 13

14 Balance due. If line 12 is more than line 13, enter the excess on line 14.
• If line 14 is more than \$500, you must deposit your tax.
• If line 14 is \$500 or less, you may pay with this return. See instructions 14

15 Overpayment. If line 13 is more than line 12, enter the excess on line 15 and check a box below 15

You **MUST** complete both pages of this form and **SIGN** it. Check one: Apply to next return. Send a refund.

Name (not your trade name)

Employer identification number (EIN)

Part 5: Report your FUTA tax liability by quarter only if line 12 is more than \$500. If not, go to Part 6.

16 Report the amount of your FUTA tax liability for each quarter; do NOT enter the amount you deposited. If you had no liability for a quarter, leave the line blank.

16a 1st quarter (January 1 – March 31) 16a .

16b 2nd quarter (April 1 – June 30) 16b .

16c 3rd quarter (July 1 – September 30) 16c .

16d 4th quarter (October 1 – December 31) 16d .

17 Total tax liability for the year (lines 16a + 16b + 16c + 16d = line 17) 17 Total must equal line 12.

Part 6: May we speak with your third-party designee?

Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the IRS? See the instructions for details.

Yes. Designee's name and phone number

Select a 5-digit personal identification number (PIN) to use when talking to the IRS.

No.

Part 7: Sign here. You MUST complete both pages of this form and SIGN it.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that no part of any payment made to a state unemployment fund claimed as a credit was, or is to be, deducted from the payments made to employees. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign your name here

Print your name here

Print your title here

Date / /

Best daytime phone

Paid Preparer Use Only

Check if you are self-employed

Preparer's name PTIN

Preparer's signature Date / /

Firm's name (or yours if self-employed) EIN

Address Phone

City State ZIP code

Form 940-V, Payment Voucher

Purpose of Form

Complete Form 940-V if you're making a payment with Form 940. We will use the completed voucher to credit your payment more promptly and accurately, and to improve our service to you.

Making Payments With Form 940

To avoid a penalty, make your payment with your 2023 Form 940 **only** if your FUTA tax for the fourth quarter (plus any undeposited amounts from earlier quarters) is \$500 or less. If your total FUTA tax after adjustments (Form 940, line 12) is more than \$500, you must make deposits by electronic funds transfer. See *When Must You Deposit Your FUTA Tax?* in the Instructions for Form 940. Also see sections 11 and 14 of Pub. 15 for more information about deposits.



Use Form 940-V when making any payment with Form 940. However, if you pay an amount with Form 940 that should've been deposited, you may be subject to a penalty. See Deposit Penalties in section 11 of Pub. 15.

Specific Instructions

Box 1—Employer identification number (EIN). If you don't have an EIN, you may apply for one online by visiting the IRS website at www.irs.gov/EIN. You may also apply for an EIN by faxing or mailing Form SS-4 to the IRS. If you haven't received your EIN by the due date of Form 940, write "Applied For" and the date you applied in this entry space.

Box 2—Amount paid. Enter the amount paid with Form 940.

Box 3—Name and address. Enter your name and address as shown on Form 940.

- Enclose your check or money order made payable to "United States Treasury." Be sure to enter your EIN, "Form 940," and "2023" on your check or money order. Don't send cash. Don't staple Form 940-V or your payment to Form 940 (or to each other).

- Detach Form 940-V and send it with your payment and Form 940 to the address provided in the Instructions for Form 940.

Note: You must also complete the entity information above Part 1 on Form 940.

Detach Here and Mail With Your Payment and Form 940.

Form **940-V**

Department of the Treasury
Internal Revenue Service

Payment Voucher

OMB No. 1545-0028

2023

Don't staple or attach this voucher to your payment.

<p>1 Enter your employer identification number (EIN).</p> <p>_____</p>	<p>2 Enter the amount of your payment. Make your check or money order payable to "United States Treasury."</p>	<p>Dollars</p>	<p>Cents</p>
<p>3 Enter your business name (individual name if sole proprietor).</p> <p>_____</p> <p>Enter your address.</p> <p>_____</p> <p>Enter your city, state, and ZIP code; or your city, foreign country name, foreign province/county, and foreign postal code.</p> <p>_____</p>			

Privacy Act and Paperwork Reduction Act Notice.

We ask for the information on this form to carry out the Internal Revenue laws of the United States. We need it to figure and collect the right amount of tax. Chapter 23, Federal Unemployment Tax Act, of Subtitle C, Employment Taxes, of the Internal Revenue Code imposes a tax on employers with respect to employees. This form is used to determine the amount of the tax that you owe. Section 6011 requires you to provide the requested information if you are liable for FUTA tax under section 3301. Section 6109 requires you to provide your identification number. If you fail to provide this information in a timely manner or provide a false or fraudulent form, you may be subject to penalties.

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 and records relating to a form or 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 section 6103. However, section 6103 allows or requires the IRS to disclose or give the information shown on your tax return to others as described in the Code. For example, we may disclose

your tax information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and territories to administer their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** 9 hr., 19 min.
- Learning about the law or the form** 1 hr., 23 min.
- Preparing, copying, assembling, and sending the form to the IRS** 1 hr., 36 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making Form 940 simpler, we would be happy to hear from you. You can send us comments from 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 Form 940 to this address. Instead, see *Where Do You File?* in the Instructions for Form 940.



Note: *The draft you are looking for begins on the next page.*

Caution: DRAFT—NOT FOR FILING

This is an early release draft of an IRS tax form, instructions, or publication, which the IRS is providing for your information. **Do not file draft forms** and do **not** rely on draft forms, instructions, and pubs for filing. We incorporate all significant changes to forms posted with this coversheet. However, unexpected issues occasionally arise, or legislation is passed—in this case, we will post a new draft of the form to alert users that changes were made to the previously posted draft. Thus, there are never any changes to the last posted draft of a form and the final revision of the form. Forms and instructions are subject to OMB approval before they can be officially released, so we post drafts of them until they are approved. Drafts of instructions and pubs usually have some additional changes before their final release. Early release drafts are at [IRS.gov/DraftForms](https://www.irs.gov/DraftForms) and remain there after the final release is posted at [IRS.gov/LatestForms](https://www.irs.gov/LatestForms). Also see [IRS.gov/Forms](https://www.irs.gov/Forms).

Most forms and publications have a page on IRS.gov: [IRS.gov/Form1040](https://www.irs.gov/Form1040) for Form 1040; [IRS.gov/Pub501](https://www.irs.gov/Pub501) for Pub. 501; [IRS.gov/W4](https://www.irs.gov/W4) for Form W-4; and [IRS.gov/ScheduleA](https://www.irs.gov/ScheduleA) for Schedule A (Form 1040), for example, and similarly for other forms, pubs, and schedules for Form 1040. When typing in a link, type it into the address bar of your browser, not a Search box on IRS.gov.

If you wish, you can submit comments to the IRS about draft or final forms, instructions, or pubs at [IRS.gov/FormsComments](https://www.irs.gov/FormsComments). Include “NTF” followed by the form or pub number (for example, “NTF1040”, “NTFW4”, “NTF501”, etc.) in the body of the message to route your message properly. We cannot respond to all comments due to the high volume we receive and may not be able to consider many suggestions until the subsequent revision of the product, but we will review each “NTF” message. If you have comments on reducing paperwork and respondent (filer) burden, with respect to draft or final forms, please respond to the relevant information collection through the Federal Register process; for more info, click [here](#).



Instructions for Form 940

Employer's Annual Federal Unemployment (FUTA) Tax Return

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

Future Developments

For the latest information about developments related to Form 940 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form940](https://www.irs.gov/Form940).

What's New

Electronically filing an amended Form 940. The IRS now offers filing an amended Form 940 as part of Modernized e-File (MeF). Go to [IRS.gov](https://www.irs.gov) for more information.

Credit reduction state. A state that hasn't repaid money it borrowed from the federal government to pay unemployment benefits is called a credit reduction state. The U.S. Department of Labor determines these states. If an employer pays wages that are subject to the unemployment tax laws of a credit reduction state, that employer must pay additional federal unemployment tax when filing its Form 940.

For 2024, there are credit reduction states. If you paid any wages that are subject to the unemployment compensation laws of a credit reduction state, your credit against federal unemployment tax will be reduced based on the credit reduction rate for that credit reduction state. Use Schedule A (Form 940) to figure the credit reduction. For more information, see the Schedule A (Form 940) instructions or go to [IRS.gov](https://www.irs.gov).

Reminders

Form 940 (sp) available in Spanish. All employers, including employers in Puerto Rico and the U.S. Virgin Islands, have the option to file Form 940 (sp).

Moving expense and bicycle commuting reimbursements are subject to FUTA tax. The Tax Cuts and Jobs Act (P.L. 115-97) suspends the exclusion for qualified moving expense reimbursements from your employee's income under section 132 and the deduction from the employee's income under section 217, as well as the exclusion for qualified bicycle commuting reimbursements from your employee's income under section 132, beginning after 2017 and before 2026. Therefore, moving expense and bicycle commuting reimbursements aren't exempt from FUTA tax during this period. Don't include moving expense or bicycle commuting reimbursements on Form 940, line 4. For more information about fringe benefits, see Pub. 15-B.

Certification program for professional employer organizations (PEOs). The Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014 required the IRS to establish a voluntary certification program for PEOs.

PEOs handle various payroll administration and tax reporting responsibilities for their business clients and are typically paid a fee based on payroll costs. To become and remain certified under the certification program, certified professional employer organizations (CPEOs) must meet various requirements described in sections 3511 and 7705 and related published guidance. Certification as a CPEO may affect the employment tax liabilities of both the CPEO and its customers. A CPEO is generally treated for employment tax purposes as the employer of any individual who performs services for a customer of the CPEO and is covered by a contract described in section 7705(e)(2) between the CPEO and the customer (CPEO contract), but only for wages and other compensation paid to the individual by the CPEO. To become a CPEO, the organization must apply through the IRS Online Registration System. For more information or to apply to become a CPEO, go to [IRS.gov/CPEO](https://www.irs.gov/CPEO).

For wages paid to a work site employee, a CPEO is eligible for the credit for state unemployment tax paid to a state unemployment fund, whether the CPEO or a customer of the CPEO made the contribution. In addition, a CPEO is allowed the additional credit if the CPEO is permitted, under state law, to collect and remit contributions to the state unemployment fund with respect to a work site employee. For more information on the credit, see [Credit for State Unemployment Tax Paid to a State Unemployment Fund](#), later.

CPEOs must generally file Form 940 and Schedule R (Form 940), Allocation Schedule for Aggregate Form 940 Filers, electronically. For more information about a CPEO's requirement to file electronically, see Rev. Proc. 2023-18, 2023-13 I.R.B. 605, available at [IRS.gov/irb/2023-13_IRB#REV-PROC-2023-18](https://www.irs.gov/irb/2023-13_IRB#REV-PROC-2023-18).

Outsourcing payroll duties. Generally, as an employer, you're responsible to ensure that tax returns are filed and deposits and payments are made, even if you contract with a third party to perform these acts. You remain responsible if the third party fails to perform any required action. Before you choose to outsource any of your payroll and related tax duties (that is, withholding, reporting, and paying over social security, Medicare, FUTA, and income taxes) to a third-party payer, such as a payroll service provider or reporting agent, go to [IRS.gov/OutsourcingPayrollDuties](https://www.irs.gov/OutsourcingPayrollDuties) for helpful information on this topic. If a CPEO pays wages and other compensation to an individual performing services for you, and the services are covered by a CPEO contract, then the CPEO is generally treated for employment tax purposes as the employer, but only for wages and other compensation paid to the individual by the CPEO. However, with respect to certain employees covered by a CPEO contract, you may also be treated as an employer of the employees and, consequently, may also be liable for federal

employment taxes imposed on wages and other compensation paid by the CPEO to such employees. For more information on the different types of third-party payer arrangements, see section 16 of Pub. 15.

Aggregate Form 940 filers. Approved section 3504 agents and CPEOs must complete Schedule R (Form 940) when filing an aggregate Form 940. Aggregate Forms 940 are filed by agents of home care service recipients approved by the IRS under section 3504. To request approval to act as an agent for an employer, the agent files Form 2678 with the IRS unless you're a state or local government agency acting as an agent under the special procedures provided in Rev. Proc. 2013-39, 2013-52 I.R.B. 830, available at [IRS.gov/irb/2013-52_IRB#RP-2013-39](https://www.irs.gov/irb/2013-52_IRB#RP-2013-39).

Aggregate Forms 940 are also filed by CPEOs approved by the IRS under section 7705. CPEOs file Form 8973, Certified Professional Employer Organization/ Customer Reporting Agreement, to notify the IRS that they started or ended a service contract with a customer. CPEOs must generally file Form 940 and Schedule R (Form 940) electronically. For more information about a CPEO's requirement to file electronically, see [Rev. Proc. 2023-18](https://www.irs.gov/revproc/2023-18).

If you change your business name, business address, or responsible party. Notify the IRS immediately if you change your business name, business address, or responsible party.

- Write to the IRS office where you file your returns (using the *Without a payment* address under [Where Do You File](https://www.irs.gov/where-do-you-file), later) to notify the IRS of any business name change. See Pub. 1635 to see if you need to apply for a new employer identification number (EIN).
- Complete and mail Form 8822-B to notify the IRS of a business address or responsible party change. Don't mail Form 8822-B with your Form 940. For a definition of "responsible party," see the Instructions for Form SS-4.

Federal tax deposits must be made by electronic funds transfer (EFT). You must use EFT to make all federal tax deposits. Generally, an EFT is made using the Electronic Federal Tax Payment System (EFTPS). If you don't want to use EFTPS, you can arrange for your tax professional, financial institution, payroll service, or other trusted third party to make electronic deposits on your behalf. Also, you may arrange for your financial institution to initiate a same-day wire payment on your behalf. EFTPS is a free service provided by the Department of the Treasury. Services provided by your tax professional, financial institution, payroll service, or other third party may have a fee.

For more information on making federal tax deposits, see section 11 of Pub. 15. To get more information about EFTPS or to enroll in EFTPS, go to [EFTPS.gov](https://www.eftps.gov), or call 800-555-4477 or 800-244-4829 (Spanish). To contact EFTPS using Telecommunications Relay Services (TRS) for people who are deaf, hard of hearing, or have a speech disability, dial 711 and then provide the TRS assistant the 800-555-4477 number above or 800-733-4829. Additional information about EFTPS is also available in Pub. 966.

Electronic filing and payment. 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, the IRS offers you convenient and secure programs to make filing and paying easier. Spend less time worrying about taxes and more time running your business. Use *e-file* and EFTPS to your benefit.

- For *e-file*, go to [IRS.gov/EmploymentEfile](https://www.irs.gov/employmentefile) for additional information. A fee may be charged to file electronically.
- For EFTPS, go to [EFTPS.gov](https://www.eftps.gov) or call one of the numbers provided under [Federal tax deposits must be made by electronic funds transfer \(EFT\)](https://www.irs.gov/federal-tax-deposits-must-be-made-by-electronic-funds-transfer), earlier.

Electronic funds withdrawal (EFW). If you file Form 940 electronically, you can *e-file* and use EFW to pay the balance due in a single step using tax preparation software or through a tax professional. However, don't use EFW to make federal tax deposits. For more information on paying your taxes using EFW, go to [IRS.gov/EFW](https://www.irs.gov/efw).

Credit or debit card payments. You may pay your FUTA tax shown on line 14 using a credit or debit card. Your payment will be processed by a payment processor who will charge a processing fee. Don't use a credit or debit card to pay taxes that are required to be deposited (see [When Must You Deposit Your FUTA Tax](https://www.irs.gov/when-must-you-deposit-your-futa-tax), later). For more information on paying your taxes with a credit or debit card, go to [IRS.gov/PayByCard](https://www.irs.gov/paybycard).

Online payment agreement. You may be eligible to apply for an installment agreement online if you can't pay the full amount of tax you owe when you file your return. For more information, see [What if you can't pay in full](https://www.irs.gov/what-if-you-cant-pay-in-full), later.

Disregarded entities and qualified subchapter S subsidiaries (QSUBS). Business entities that are disregarded as separate from their owner, including QSUBS, are required to withhold and pay employment taxes and file employment tax returns using the name and EIN of the disregarded entity. For more information, see [Disregarded entities](https://www.irs.gov/disregarded-entities), later.

State unemployment information. When you registered as an employer with your state, the state assigned you a state reporting number. If you don't have a state unemployment account and state experience tax rate, or if you have questions about your state account, you must contact your state unemployment agency. For a list of state unemployment agencies, go to the U.S. Department of Labor's website at oui.doleta.gov/unemploy/agencies.asp.

Photographs of missing children. The IRS is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](https://www.ncmec.org). Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

How Can You Get More Help?

If you want more information about this form, see Pub. 15, go to [IRS.gov](https://www.irs.gov), or call the Business and Specialty Tax Line toll free at 800-829-4933 or 800-829-4059 (TDD/TTY for persons who are deaf, hard of hearing, or have a speech disability), Monday–Friday from 7:00 a.m. to 7:00 p.m. local time (Alaska and Hawaii follow Pacific time;

employers in Puerto Rico receive service from 8:00 a.m. to 8:00 p.m. local time).

For a list of related employment tax topics, go to [IRS.gov/EmploymentTaxes](https://www.irs.gov/employmenttaxes). You can order forms, instructions, and publications at [IRS.gov/OrderForms](https://www.irs.gov/orderforms).

General Instructions

What's the Purpose of Form 940?

These instructions give you some background information about Form 940. They tell you who must file the form, how to fill it out line by line, and when and where to file it.

Use Form 940 to report your annual Federal Unemployment Tax Act (FUTA) tax. Together with state unemployment tax systems, the FUTA tax provides funds for paying unemployment compensation to workers who have lost their jobs. Most employers pay both a federal and a state unemployment tax. Only employers pay FUTA tax. Don't collect or deduct FUTA tax from your employees' wages.

The FUTA tax applies to the first \$7,000 you pay to each employee during a calendar year after subtracting any payments exempt from FUTA tax.

Who Must File Form 940?

Except as noted below, if you answer "Yes" to either one of these questions, you must file Form 940.

- Did you pay wages of \$1,500 or more to employees in any calendar quarter during 2023 or 2024?
- Did you have one or more employees for at least some part of a day in any 20 or more different weeks in 2023 or 20 or more different weeks in 2024? Count all full-time, part-time, and temporary employees. However, if your business is a partnership, don't count its partners.

If your business was sold or transferred during the year, each employer who answered "Yes" to at least one question above must file Form 940. However, don't include any wages paid by the predecessor employer on your Form 940 unless you're a successor employer. For details, see [Successor employer](#) under [Type of Return](#), later.

If you're not liable for FUTA tax for 2024 because you made no payments to employees in 2024, check box c in the top right corner of the form. Then, go to Part 7, sign the form, and file it with the IRS.

If you won't be liable for filing Form 940 in the future because your business has closed or because you stopped paying wages, check box d in the top right corner of the form. For more information, see [Final: Business closed or stopped paying wages](#) under [Type of Return](#), later.

For Employers of Household Employees . . .

If you're a household employer, you must pay FUTA tax on wages that you paid to your household employees only if you paid cash wages of \$1,000 or more in any calendar quarter in 2023 or 2024.

A household employee performs household work in a:

- Private home,

- Local college club, or
- Local chapter of a college fraternity or sorority.

Generally, employers of household employees must file Schedule H (Form 1040) instead of Form 940.

However, if you have other employees in addition to household employees, you can choose to include the FUTA taxes for your household employees on Form 940 instead of filing Schedule H (Form 1040). If you choose to include household employees on your Form 940, you must also file Form 941, Employer's QUARTERLY Federal Tax Return; Form 943, Employer's Annual Federal Tax Return for Agricultural Employees; or Form 944, Employer's ANNUAL Federal Tax Return, to report social security, Medicare, and any withheld federal income taxes for your household employees. See Pub. 926 for more information.

For Agricultural Employers . . .

File Form 940 if you answer "Yes" to either of these questions.

- Did you pay cash wages of \$20,000 or more to farmworkers during any calendar quarter in 2023 or 2024?
- Did you employ 10 or more farmworkers during some part of the day (whether or not at the same time) during any 20 or more different weeks in 2023 or 20 or more different weeks in 2024?

Count wages you paid to aliens who were admitted to the United States on a temporary basis to perform farmwork (workers with H-2A visas). However, wages paid to H-2A visa workers aren't subject to FUTA tax. See Pub. 15 for more information.

For Indian Tribal Governments . . .

Services rendered by employees of a federally recognized Indian tribal government employer (including any subdivision, subsidiary, or business enterprise wholly owned by the tribe) are exempt from FUTA tax and no Form 940 is required. However, the tribe must have participated in the state unemployment system for the full year and be in compliance with applicable state unemployment law. For more information, see section 3309(d).

For Tax-Exempt Organizations . . .

Religious, educational, scientific, charitable, and other organizations described in section 501(c)(3) and exempt from tax under section 501(a) generally aren't subject to FUTA tax. However, a section 501(c)(3) organization is subject to FUTA tax when paying wages to employees on behalf of a non-section 501(c)(3) organization (for example, a section 501(c)(3) organization paying wages to employees of a related non-section 501(c)(3) organization, a section 501(c)(3) organization that is a section 3504 agent paying wages on behalf of a non-section 501(c)(3) organization, a section 501(c)(3) organization that is a common paymaster paying wages on behalf of a non-section 501(c)(3) organization, etc.).

For State or Local Government Employers . . .

Services rendered by employees of a state, or a political subdivision or instrumentality of the state, are exempt from FUTA tax and no Form 940 is required.

When Must You File Form 940?

The due date for filing Form 940 for 2024 is January 31, 2025. However, if you deposited all your FUTA tax when it was due, you may file Form 940 by February 10, 2025.

If we receive Form 940 after the due date, we will treat Form 940 as filed on time if the envelope containing Form 940 is properly addressed, contains sufficient postage, and is postmarked by the U.S. Postal Service on or before the due date, or sent by an IRS-designated private delivery service (PDS) on or before the due date. However, if you don't follow these guidelines, we will generally consider Form 940 filed when it is actually received. For more information about PDSs, see [Where Do You File](#), later.

If any due date for filing falls on a Saturday, Sunday, or legal holiday, you may file your return on the next business day.

Where Do You File?

You're encouraged to file Form 940 electronically. Go to [IRS.gov/EmploymentEfile](https://www.irs.gov/EmploymentEfile) for more information on electronic filing. If you file a paper return, where you file depends on whether you include a payment with Form 940. Mail your return to the address listed for your location in the table that follows.

PDSs can't deliver to P.O. boxes. You must use the U.S. Postal Service to mail an item to a P.O. box address. Go to [IRS.gov/PDS](https://www.irs.gov/PDS) for the current list of PDSs. For the IRS mailing address to use if you're using a PDS, go to [IRS.gov/PDSstreetAddresses](https://www.irs.gov/PDSstreetAddresses). Select the mailing address listed on the webpage that is in the same state as the address to which you would mail returns filed without a payment, as shown in the table that follows.

Mailing Addresses for Form 940

If you're in . . .	Without a payment . . .	With a payment . . .
Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, Wisconsin	Department of the Treasury Internal Revenue Service Kansas City, MO 64999-0046	Internal Revenue Service P.O. Box 806531 Cincinnati, OH 45280-6531
Alabama, Alaska, Arizona, Arkansas, California, Colorado, Florida, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming	Department of the Treasury Internal Revenue Service Ogden, UT 84201-0046	Internal Revenue Service P.O. Box 932000 Louisville, KY 40293-2000

Puerto Rico, U.S. Virgin Islands	Internal Revenue Service P.O. Box 409101 Ogden, UT 84409	Internal Revenue Service P.O. Box 932000 Louisville, KY 40293-2000
If the location of your legal residence, principal place of business, office, or agency is not listed	Internal Revenue Service P.O. Box 409101 Ogden, UT 84409	Internal Revenue Service P.O. Box 932000 Louisville, KY 40293-2000
EXCEPTION for tax-exempt organizations; federal, state, and local governments; and Indian tribal governments, regardless of your location	Department of the Treasury Internal Revenue Service Ogden, UT 84201-0046	Internal Revenue Service P.O. Box 932000 Louisville, KY 40293-2000



Your filing address may have changed from that used to file your employment tax return in prior years.

Credit for State Unemployment Tax Paid to a State Unemployment Fund

Generally, you get a credit for amounts you pay to a state (including the District of Columbia, Puerto Rico, and the U.S. Virgin Islands) unemployment fund by January 31, 2025 (or February 10, 2025, if that is your Form 940 due date). Your FUTA tax may be higher if you don't pay the state unemployment tax timely by January 31, 2025 (or February 10, 2025, if that is your Form 940 due date). This is true regardless of whether state law defers the payment of taxes due until after this date. If you didn't pay all state unemployment tax by the due date of Form 940, see the [line 10](#) instructions. For wages paid to a work site employee, a CPEO is eligible for the credit whether the CPEO or a customer of the CPEO made the contribution with respect to a work site employee.

State unemployment taxes are sometimes called contributions. These contributions are payments that a state requires an employer to make to its unemployment fund for the payment of unemployment benefits. They don't include:

- Any payments deducted or deductible from your employees' pay;
- Penalties, interest, or special administrative taxes; and
- Voluntary amounts you paid to get a lower assigned state experience rate.

Additional credit. You may receive an additional credit if you have a state experience rate lower than 5.4% (0.054). This applies even if your rate varies during the year. This additional credit is the difference between your actual state unemployment tax payments and the amount you would have been required to pay at 5.4%. For wages paid to a work site employee, the CPEO is allowed the additional credit if the CPEO is allowed, under state law, to

collect and remit contributions to the state unemployment fund with respect to a work site employee.

Special credit for successor employers. You may be eligible for a credit based on the state unemployment taxes paid by a predecessor. You may claim this credit if you're a successor employer who acquired a business in 2024 from a predecessor who wasn't an employer for FUTA purposes and, therefore, wasn't required to file Form 940 for 2024. See section 3302(e). You can include amounts paid by the predecessor on the [Worksheet—Line 10](#) as if you paid them. For details on successor employers, see [Successor employer](#) under [Type of Return](#), later. If the predecessor was required to file Form 940, see the [line 5](#) instructions.

When Must You Deposit Your FUTA Tax?

Although Form 940 covers a calendar year, you may have to deposit your FUTA tax before you file your return. If your FUTA tax is more than \$500 for the calendar year, you must deposit at least one quarterly payment.

You must determine when to deposit your tax based on the amount of your quarterly tax liability. If your FUTA tax is \$500 or less in a quarter, carry it over to the next quarter. Continue carrying your tax liability over until your cumulative tax is more than \$500. At that point, you must deposit your tax for the quarter. Deposit your FUTA tax by the last day of the month after the end of the quarter. If your tax for the next quarter is \$500 or less, you're not required to deposit your tax again until the cumulative amount is more than \$500.

Fourth quarter liabilities. If your FUTA tax for the fourth quarter (plus any undeposited amounts from earlier quarters) is more than \$500, deposit the entire amount by January 31, 2025. If it is \$500 or less, you can either deposit the amount or pay it with your Form 940 by January 31, 2025.

In years when there are credit reduction states, you must include liabilities owed for credit reduction with your fourth quarter deposit.

When To Deposit Your FUTA Tax

If your undeposited FUTA tax is more than \$500 on . . .*	Deposit your tax by . . .
March 31	April 30
June 30	July 31
September 30	October 31
December 31	January 31

* Also, see the instructions for [line 16](#).

TIP If any deposit due date falls on a Saturday, Sunday, or legal holiday, you may deposit on the next business day. See [Timeliness of federal tax deposits](#), later.

How Do You Figure Your FUTA Tax Liability for Each Quarter?

You owe FUTA tax on the first \$7,000 you pay to each employee during the calendar year after subtracting any payments exempt from FUTA tax. The FUTA tax is 6.0% (0.060) for 2024. Most employers receive a maximum credit of up to 5.4% (0.054) against this FUTA tax. Every quarter, you must figure how much of the first \$7,000 of each employee's annual wages you paid during that quarter.

Figure Your Tax Liability

Before you can figure the amount to deposit, figure your FUTA tax liability for the quarter. To figure your tax liability, add the first \$7,000 of each employee's annual wages you paid during the quarter for FUTA wages paid and multiply that amount by 0.006.

The tax rates are based on your receiving the maximum credit against FUTA taxes. You're entitled to the maximum credit if you paid all state unemployment tax by the due date of your Form 940 or if you weren't required to pay state unemployment tax during the calendar year due to your state experience rate.

Example. During the first quarter, you had three employees: Mary Smith, George Jones, and Jane Moore. You paid \$11,000 to Mary, \$2,000 to George, and \$4,000 to Jane. None of the payments made were exempt from FUTA tax.

To figure your liability for the first quarter, add the first \$7,000 of each employee's wages subject to FUTA tax:

\$7,000	Mary's wages subject to FUTA tax
2,000	George's wages subject to FUTA tax
+ 4,000	Jane's wages subject to FUTA tax
<u>\$13,000</u>	Total wages subject to FUTA tax for the first quarter
\$13,000	Total wages subject to FUTA tax for the first quarter
x 0.006	Tax rate (based on maximum credit of 5.4%)
<u>\$78</u>	Your liability for the first quarter

In this example, you don't have to make a deposit because your liability is \$500 or less for the first quarter. However, you must carry this liability over to the second quarter.

If any wages subject to FUTA tax aren't subject to state unemployment tax, you may be liable for FUTA tax at the maximum rate of 6.0%. For instance, in certain states, wages paid to corporate officers, certain payments of sick pay by unions, and certain fringe benefits are excluded from state unemployment tax.

Example. Mary Smith and George Jones are corporate officers whose wages are excluded from state unemployment tax in your state. Jane Moore's wages aren't excluded from state unemployment tax. During the first quarter, you paid \$11,000 to Mary, \$2,000 to George, and \$4,000 to Jane.

\$ 9,000	Total FUTA wages for Mary and George in first quarter
x 0.060	Tax rate
<u>\$540</u>	Your liability for the first quarter for Mary and George
\$4,000	Total FUTA wages subject to state unemployment tax
x 0.006	Tax rate (based on maximum credit of 5.4%)
<u>\$24</u>	Your liability for the first quarter for Jane
\$540	Your liability for the first quarter for Mary and George
+ 24	Your liability for first quarter for Jane
<u>\$564</u>	Your liability for the first quarter for Mary, George, and Jane

In this example, you must deposit \$564 by April 30 because your liability for the first quarter is more than \$500.

How Must You Deposit Your FUTA Tax?

You Must Deposit Your FUTA Tax Using EFT

You must use EFT to make all federal tax deposits. Generally, an EFT is made using EFTPS. If you don't want to use EFTPS, you can arrange for your tax professional, financial institution, payroll service, or other trusted third party to make electronic deposits on your behalf. Also, you may arrange for your financial institution to initiate a same-day wire payment on your behalf. EFTPS is a free service provided by the Department of the Treasury. Services provided by your tax professional, financial institution, payroll service, or other third party may have a fee.

For more information on making federal tax deposits, see Pub. 966. To get more information about EFTPS or to enroll in EFTPS, go to [EFTPS.gov](https://www.irs.gov/eftps) or call one of the numbers provided under [Federal tax deposits must be made by electronic funds transfer \(EFT\)](#), earlier.

If your business is new, the IRS will automatically pre-enroll you in EFTPS when you apply for an EIN. Follow the instructions on your EIN package to activate your enrollment.



For an EFTPS deposit to be on time, you must submit the deposit by 8 p.m. Eastern time the day before the date the deposit is due.

Same-day wire payment option. If you fail to submit a deposit transaction on EFTPS by 8 p.m. Eastern time the day before the date a deposit is due, you can still make your deposit on time by using the Federal Tax Collection Service (FTCS) to make a same-day wire payment. To use the same-day wire payment method, you will need to make arrangements with your financial institution ahead of time. Please check with your financial institution regarding availability, deadlines, and costs. Your financial institution may charge you a fee for payments made this way. To learn more about the information you will need to give your financial institution to make a same-day wire payment, go to [IRS.gov/SameDayWire](https://www.irs.gov/SameDayWire).

Timeliness of federal tax deposits. If a deposit is required to be made on a day that isn't a business day, the deposit is considered timely if it is made by the close of the next business day. A business day is any day other than a Saturday, Sunday, or legal holiday. The term "legal holiday" for deposit purposes includes only those legal

holidays in the District of Columbia. Legal holidays in the District of Columbia are provided in section 11 of Pub. 15.

How Can You Avoid Penalties and Interest?

You can avoid paying penalties and interest if you do all of the following.

- Deposit and pay your tax when it is due.
- File your fully completed Form 940 accurately and on time.
- Attach Schedule R (Form 940) if required.
- Ensure your tax payments are honored by your financial institution.

Penalties and interest are charged on taxes paid late and returns filed late at a rate set by law. See sections 11 and 12 of Pub. 15 for details.

Use Form 843 to request abatement of assessed penalties or interest. Don't request abatement of assessed penalties or interest on Form 940.

If you receive a notice about a penalty after you file this return, reply to the notice with an explanation and we will determine if you meet reasonable-cause criteria. Don't attach an explanation when you file your return.

Can You Amend a Return?



The IRS now offers filing an amended Form 940 as part of Modernized e-File (MeF). Go to [IRS.gov](https://www.irs.gov) for more information.

You use the 2024 Form 940 to amend a return that you previously filed for 2024. If you're amending a return for a previous year, use that previous year's Form 940.

You're encouraged to file an amended Form 940 electronically, but you may still file a paper return to amend a Form 940. Follow the steps below to amend your return.

- Check the amended return box in the top right corner of Form 940, page 1, box a.
- Fill in all the amounts that should have been on the original form.
- Sign the form.
- Attach an explanation, including an attachment in MeF if filing the amended return electronically, telling us why you're amending your return. For example, tell us if you're filing to claim credit for tax paid to your state unemployment fund after the due date of Form 940.
- Unless filing the amended return electronically, file the amended return using the *Without a payment* address (even if a payment is included) under [Where Do You File](#), earlier.
- If you file an amended return for an aggregate Form 940, be sure to attach Schedule R (Form 940). Complete Schedule R (Form 940) only for employers who have adjustments on the amended Form 940.

Completing Your Form 940

Follow These Guidelines To Correctly Fill Out the Form

Make entries on Form 940 as follows to enable accurate scanning and processing.

- Make sure your business name and EIN are on every page of the form and any attachments.
- If you type or use a computer to fill out your form, use a 12-point Courier font, if possible. Portable Document Format (PDF) forms on IRS.gov have fillable fields with acceptable font specifications.
- Don't enter dollar signs and decimal points. Commas are optional. Enter dollars to the left of the preprinted decimal point and cents to the right of it.
- You may choose to round your amounts to the nearest dollar, instead of reporting cents on this form. If you choose to round, you must round all entries. To round, drop the amounts under 50 cents and increase the amounts from 50 to 99 cents to the next dollar. For example, \$1.49 becomes \$1.00 and \$2.50 becomes \$3.00. If you use two or more amounts to figure an entry on the form, use cents to figure the answer and round the answer only.
- If you have a line with the value of zero, leave it blank.

Employer Identification Number (EIN), Name, Trade Name, and Address

Enter Your Business Information at the Top of the Form

Enter your EIN, name, and address in the spaces provided. You must enter your name and EIN here and on page 2. Enter the business (legal) name that you used when you applied for your EIN on Form SS-4. For example, if you're a sole proprietor, enter "Ronald Smith" on the *Name* line and "Ron's Cycles" on the *Trade Name* line. Leave the *Trade Name* line blank if it is the same as your *Name*.

If you pay a tax preparer to fill out Form 940, make sure the preparer shows your business name exactly as it appeared when you applied for your EIN.

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 nine-digit EIN is assigned to all corporations, all 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 aren't sure which one to use, write to the IRS office where you file your returns (using the *Without a payment* address under [Where Do You File](#), earlier) or call the IRS at 800-829-4933 (toll free). If you're outside the United States, call 267-941-1000 (toll call).

If you don't have an EIN, you may apply for one online by going to [IRS.gov/EIN](#). You may also apply for an EIN by faxing or mailing Form SS-4 or SS-4 (sp) to the IRS. If the principal business was created or organized outside the United States or U.S. territories, you may also apply for an EIN by calling 267-941-1099 (toll call). If you haven't received your EIN by the due date of Form 940, write "Applied For" and the date you applied in the space shown for the number.



If you're filing your tax return electronically, a valid EIN is required at the time the return is filed. If a valid EIN isn't provided, the return won't be accepted. This may result in penalties.



Always be sure the EIN on the form you file exactly matches the EIN that the IRS assigned to your business. Don't use a social security number (SSN) or individual taxpayer identification number (ITIN) on forms that ask for an EIN. Filing a Form 940 with an incorrect EIN or using the EIN of another's business may result in penalties and delays in processing your return.

Tell Us if You Change Your Business Name, Business Address, or Responsible Party

Notify the IRS immediately if you change your business name, business address, or responsible party.

Name change. Write to the IRS office where you filed your return (using the *Without a payment* address under [Where Do You File](#), earlier) to notify the IRS of any name change. See Pub. 1635 to see if you also need to apply for a new EIN.

Address or responsible party change. Complete and mail Form 8822-B to notify the IRS of an address or responsible party change. Don't mail Form 8822-B with your Form 940. For a definition of "responsible party," see the Instructions for Form SS-4.

Type of Return

Review the box at the top of the form. If any line applies to you, check the appropriate box to tell us which type of return you're filing. You may check more than one box.

Amended. If this is an amended return that you're filing to correct a return that you previously filed, check box a.

Successor employer. Check box b if you're a successor employer and:

- You're reporting wages paid before you acquired the business by a predecessor who was required to file a Form 940 because the predecessor was an employer for FUTA tax purposes, or
- You're claiming a special credit for state unemployment tax paid before you acquired the business by a predecessor who wasn't required to file a Form 940 because the predecessor wasn't an employer for FUTA tax purposes.

A successor employer is an employer who:

- Acquires substantially all the property used in a trade or business of another person (predecessor) or used in a separate unit of a trade or business of a predecessor; and
- Immediately after the acquisition, employs one or more people who were employed by the predecessor.

No payments to employees in 2024. If you're not liable for FUTA tax for 2024 because you made no payments to employees in 2024, check box c. Then, go to Part 7, sign the form, and file it with the IRS.

Final: Business closed or stopped paying wages. If this is a final return because you went out of business or stopped paying wages and you won't be liable for filing Form 940 in the future, check box d. Complete all

applicable lines on the form, sign it in Part 7, and file it with the IRS. Also attach a statement to your return showing the name of the person keeping the payroll records and the address where those records will be kept.

Disregarded entities. A disregarded entity is required to file Form 940 using its name and EIN, not the name and EIN of its owner. An entity that has a single owner and is disregarded as separate from its owner for federal income tax purposes is treated as a separate entity for purposes of payment and reporting federal employment taxes. If the entity doesn't currently have an EIN, it must apply for one using one of the methods under [Employer identification number \(EIN\)](#), earlier. Disregarded entities include single-owner limited liability companies (LLCs) that haven't elected to be taxed as a corporation for federal income tax purposes, QSUBs, and certain foreign entities treated as disregarded entities for U.S. income tax purposes. Although a disregarded entity is treated as a separate entity for employment tax purposes, it isn't subject to FUTA tax if it is owned by a tax-exempt organization under section 501(c)(3) and isn't required to file Form 940. For more information, see *Disregarded entities and qualified subchapter S subsidiaries* in the Introduction section of Pub. 15.

Specific Instructions

Part 1: Tell Us About Your Return

1. If You Were Required To Pay Your State Unemployment Tax In . . .



You must complete line 1a or 1b even if you weren't required to pay any state unemployment tax because your state unemployment tax rate(s) was zero. You may leave lines 1a and 1b blank only if all of the wages you paid to all employees in all states were excluded from state unemployment tax. If you leave lines 1a and 1b blank, and line 7 is more than zero, you must complete line 9 because all of the taxable FUTA wages you paid were excluded from state unemployment tax.

Identify the state(s) where you were required to pay state unemployment taxes.

1a. One state only. Enter the two-letter U.S. Postal Service abbreviation for the state where you were required to pay your state unemployment tax on line 1a. For a list of state abbreviations, see the Schedule A (Form 940) instructions or go to the website for the U.S. Postal Service at [USPS.com](https://www.usps.com).

1b. More than one state (you're a multi-state employer). Check the box on line 1b. Then, fill out Schedule A (Form 940) and attach it to your Form 940.

2. If You Paid Wages in a State That Is Subject to Credit Reduction

A state that hasn't repaid money it borrowed from the federal government to pay unemployment benefits is called a credit reduction state. The U.S. Department of Labor determines which states are credit reduction states.

If you paid wages that are subject to the unemployment tax laws of a credit reduction state, you may have to pay more FUTA tax when filing your Form 940.

For tax year 2024, there are credit reduction states. If you paid wages subject to the unemployment tax laws of these states, check the box on line 2 and fill out Schedule A (Form 940). See the instructions for [line 9](#) before completing Schedule A (Form 940).

Part 2: Determine Your FUTA Tax Before Adjustments

If any line in Part 2 doesn't apply, leave it blank.

3. Total Payments to All Employees

Report the total payments you made during the calendar year on line 3. Include payments for the services of all employees, even if the payments aren't taxable for FUTA. Your method of payment doesn't determine whether payments are wages. You may have paid wages hourly, daily, weekly, monthly, or yearly. You may have paid wages for piecework or as a percentage of profits. Include the following.

- **Compensation**, such as the following.
 - Salaries, wages, commissions, fees, bonuses, vacation allowances, and amounts you paid to full-time, part-time, or temporary employees.
- **Fringe benefits**, such as the following.
 - Sick pay (including third-party sick pay if liability is transferred to the employer). For details on sick pay, see Pub. 15-A, Employer's Supplemental Tax Guide.
 - The value of goods, lodging, food, clothing, and non-cash fringe benefits.
 - Section 125 (cafeteria) plan benefits.
- **Retirement/Pension**, such as the following.
 - Employer contributions to a 401(k) plan, payments to an Archer MSA, payments under adoption assistance programs, and contributions to SIMPLE retirement accounts (including elective salary reduction contributions).
 - Amounts deferred under a non-qualified deferred compensation plan.
- **Other payments**, such as the following.
 - Tips of \$20 or more in a month that your employees reported to you.
 - Payments made by a predecessor employer to the employees of a business you acquired.
 - Payments to nonemployees who are treated as your employees by the state unemployment tax agency.



Wages may be subject to FUTA tax even if they are excluded from your state's unemployment tax.

For details on wages and other compensation, see section 5 of Pub. 15-A.

Example

You had three employees. You paid \$44,000 to Joan Rose, \$8,000 to Sara Blue, and \$16,000 to John Green.

\$44,000	Amount paid to Joan
8,000	Amount paid to Sara
+ 16,000	Amount paid to John
<u>\$68,000</u>	Total payments to employees. You would enter this amount on line 3.

4. Payments Exempt From FUTA Tax

If you enter an amount on line 4, check the appropriate box or boxes on lines 4a through 4e to show the types of payments exempt from FUTA tax. **You only report a payment as exempt from FUTA tax on line 4 if you included the payment on line 3.**

Some payments are exempt from FUTA tax because the payments aren't included in the definition of wages or the services aren't included in the definition of employment. Payments exempt from FUTA tax may include the following.

- **Fringe benefits**, such as the following.
 - The value of certain meals and lodging.
 - Contributions to accident or health plans for employees, including certain employer payments to a health savings account or an Archer MSA.
 - Payments for benefits excluded under section 125 (cafeteria) plans.
- **Group-term life insurance**. For information about group-term life insurance and other payments for fringe benefits that may be exempt from FUTA tax, see Pub. 15-B.
- **Retirement/Pension**, such as employer contributions to a qualified plan, including a SIMPLE retirement account (other than elective salary reduction contributions) and a 401(k) plan.
- **Dependent care**, such as payments (up to \$5,000 per employee, \$2,500 if married filing separately) for a qualifying person's care that allows your employees to work and that would be excludable by the employee under section 129.
- **Other payments**, such as the following.
 - All non-cash payments and certain cash payments for agricultural labor, and all payments to H-2A visa workers. See [For Agricultural Employers](#), earlier, or Pub. 15.
 - Payments made under a workers' compensation law because of a work-related injury or sickness. See section 6 of Pub. 15-A.
 - Payments for domestic services if you didn't pay cash wages of \$1,000 or more (for all domestic employees) in any calendar quarter in 2023 or 2024, or if you file Schedule H (Form 1040). See [For Employers of Household Employees](#), earlier, or Pub. 926.
 - Payments for services provided to you by your parent, spouse, or child under the age of 21. See section 3 of Pub. 15.
 - Payments for certain fishing activities. See Pub. 334, Tax Guide for Small Business.

—Payments to certain statutory employees. See section 1 of Pub. 15-A.

—Payments to nonemployees who are treated as your employees by the state unemployment tax agency.

See section 3306 and its related regulations for more information about FUTA taxation of retirement plan contributions, dependent care payments, and other payments.

For more information on payments exempt from FUTA tax, see section 15 of Pub. 15.

Example

You had three employees. You paid \$44,000 to Joan Rose, including \$2,000 in health insurance benefits. You paid \$8,000 to Sara Blue, including \$500 in retirement benefits. You paid \$16,000 to John Green, including \$2,000 in health and retirement benefits.

\$ 2,000	Health insurance benefits for Joan
500	Retirement benefits for Sara
+ 2,000	Health and retirement benefits for John
<u>\$4,500</u>	Total payments exempt from FUTA tax. You would enter this amount on line 4 and check boxes 4a and 4c.

5. Total of Payments Made to Each Employee in Excess of \$7,000

Only the first \$7,000 you paid to each employee in a calendar year, after subtracting any payments exempt from FUTA tax, is subject to FUTA tax. This \$7,000 is called the FUTA wage base.

Enter on line 5 the total of the payments over the FUTA wage base you paid to each employee during 2024 **after subtracting any payments exempt from FUTA tax shown on line 4.**

Following Our Example

You had three employees. You paid \$44,000 to Joan Rose, \$8,000 to Sara Blue, and \$16,000 to John Green, including a total of \$4,500 in payments exempt from FUTA tax for all three employees. To determine the total payments made to each employee in excess of the FUTA wage base, the payments exempt from FUTA tax and the FUTA wage base must be subtracted from total payments. These amounts are shown in parentheses.

Employees	Joan	Sara	John
Total payments to employees	\$44,000	\$8,000	\$16,000
Payments exempt from FUTA tax	(2,000)	(500)	(2,000)
FUTA wage base	(7,000)	(7,000)	(7,000)
	<u>\$35,000</u>	<u>\$ 500</u>	<u>\$ 7,000</u>

Total of payments made to each employee in excess of the FUTA wage base. You would enter this amount on line 5.

If you're a successor employer . . . When you figure the payments made to each employee in excess of the FUTA wage base, you may include the payments that the predecessor made to the employees who continue to work for you **only** if the predecessor was an employer for

FUTA tax purposes resulting in the predecessor being required to file Form 940.

line 7
x 0.054
line 9

Example for Successor Employers

During the calendar year, the predecessor employer paid \$5,000 to Susan Jones. You acquired the predecessor's business. After the acquisition, you employed Susan and paid Susan an additional \$3,000 in wages. None of the amounts paid to Susan were payments exempt from FUTA tax.

\$5,000	Wages paid by predecessor employer
+ 3,000	Wages paid by you
<hr/>	
\$8,000	Total payments to Susan. You would include this amount on line 3.
\$8,000	Total payments to Susan
- 7,000	FUTA wage base
<hr/>	
\$1,000	Payments made to Susan in excess of the FUTA wage base
\$1,000	Payments made to Susan in excess of the FUTA wage base
+ 5,000	Taxable FUTA wages paid by predecessor employer
<hr/>	
\$6,000	You would include this amount on line 5.

6. Subtotal

To figure your subtotal, add the amounts on lines 4 and 5 and enter the result on line 6.

line 4
+ line 5
line 6

7. Total Taxable FUTA Wages

To figure your total taxable FUTA wages, subtract line 6 from line 3 and enter the result on line 7.

line 3
- line 6
line 7

8. FUTA Tax Before Adjustments

To figure your total FUTA tax before adjustments, multiply line 7 by 0.006 and then enter the result on line 8.

line 7
x 0.006
line 8

Part 3: Determine Your Adjustments

If any line in Part 3 doesn't apply, leave it blank.

9. If ALL of the Taxable FUTA Wages You Paid Were Excluded From State Unemployment Tax . . .



Line 9 doesn't apply to FUTA wages on which you paid no state unemployment tax only because the state assigned you a tax rate of 0%.

If all of the taxable FUTA wages you paid were excluded from state unemployment tax, multiply line 7 by 0.054 and enter the result on line 9.

If you weren't required to pay state unemployment tax because all of the wages you paid were excluded from state unemployment tax, you must pay FUTA tax at the 6.0% (0.060) rate. For example, if your state unemployment tax law excludes wages paid to corporate officers or employees in specific occupations, and the only wages you paid were to corporate officers or employees in those specific occupations, you must pay FUTA tax on those wages at the full FUTA rate of 6.0% (0.060). When you figured the FUTA tax before adjustments on line 8, it was based on the maximum allowable credit (5.4%) for state unemployment tax payments. Because you didn't pay state unemployment tax, you don't have a credit and must figure this adjustment.

If line 9 applies to you, lines 10 and 11 don't apply to you. Therefore, leave lines 10 and 11 blank. Don't fill out the worksheet in these instructions. Complete Schedule A (Form 940) only if you're a multi-state employer.

10. If SOME of the Taxable FUTA Wages You Paid Were Excluded From State Unemployment Tax, or You Paid Any State Unemployment Tax Late . . .

You must fill out the worksheet on the next page if:

- Some of the taxable FUTA wages you paid were excluded from state unemployment tax, or
- Any of your payments of state unemployment tax were late.

The worksheet takes you step by step through the process of figuring your credit. At the end of the worksheet, you'll find an example of how to use it. Don't complete the worksheet if line 9 applied to you (see the instructions for [line 9](#), earlier).

Before you can properly fill out the worksheet, you will need to gather the following information.

- Taxable FUTA wages (Form 940, line 7).
- Taxable state unemployment wages (state and federal wage bases may differ).
- The experience rates assigned to you by the states where you paid wages.
- The amount of state unemployment taxes you paid on time. "On time" means that you paid the state unemployment taxes by the due date for filing Form 940.
- The amount of state unemployment taxes you paid late. "Late" means after the due date for filing Form 940.



Don't include any penalties, interest, or unemployment taxes deducted from your employees' pay in the amount of state unemployment taxes. Also, don't include as state unemployment taxes any special administrative taxes or voluntary contributions you paid to get a lower assigned experience rate or any surcharges, excise taxes, or employment and training taxes. These items are generally listed as separate items on the state's quarterly wage report.

For line 3 of the worksheet, the following apply.

- If any of the experience rates assigned to you were less than 5.4% for any part of the calendar year, you must list each assigned experience rate separately on the worksheet.
- If you were assigned six or more experience rates that were less than 5.4% for any part of the calendar year, you must use another sheet to figure the additional credits and then include those additional credits in your line 3 total.

After you complete the worksheet, enter the amount from line 7 of the worksheet on Form 940, line 10. **Don't attach the worksheet to your Form 940.** Keep it with your records.

**TREASURY/IRS
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ONLY DRAFT
September 12, 2024**

Before you begin: Read the *Example* on the next page before completing this worksheet.

Use this worksheet to figure your credit if:

- ✓ Some of the wages you paid were excluded from state unemployment tax, OR
- ✓ You paid any state unemployment tax late.


For this worksheet, **don't round your figures.**

Before you can properly fill out this worksheet, you must gather the following information.

- Taxable FUTA wages (Form 940, line 7).
- Taxable state unemployment wages.
- The experience rates assigned to you by the states where you paid wages.
- The amount of state unemployment taxes you paid on time. "On time" means that you paid the state unemployment taxes by the due date for filing Form 940. Include any state unemployment taxes you paid on nonemployees who were treated as employees by your state unemployment agency.
- The amount of state unemployment taxes you paid late. "Late" means after the due date for filing Form 940.

1. **Maximum allowable credit** — Enter Form 940, line 7 _____ x 0.054 on line 1 _____ 1. _____
 (Form 940, line 7 x 0.054 = line 1).

2. **Credit for timely state unemployment tax payments — How much did you pay on time?** 2. _____

- If line 2 is **equal to** or **more than** line 1, **STOP here.**  You've completed the worksheet. Leave Form 940, line 10, blank.
- If line 2 is **less than** line 1, continue this worksheet.

3. **Additional credit — Were ALL of your assigned experience rates 5.4% or more?**

- If **yes**, enter zero on line 3. Then, go to line 4 of this worksheet.
- If **no**, fill out the computations below. List **ONLY THOSE STATES** for which your assigned experience rate for any part of the calendar year was less than 5.4%.

State	Computation rate The difference between 5.4% (0.054) and your assigned experience rate (0.054 - .XXX (assigned experience rate) = computation rate)	Taxable state unemployment wages at assigned experience rate	Additional credit
1. _____	_____	x _____	= _____
2. _____	_____	x _____	= _____
3. _____	_____	x _____	= _____
4. _____	_____	x _____	= _____
5. _____	_____	x _____	= _____
Total			_____

If you need more lines, use another sheet and include those additional credits in the total.

Enter the total on line 3.

3. _____

4. **Subtotal** (line 2 + line 3 = line 4)

4. _____

- If line 4 is **equal to** or **more than** line 1, **STOP here.**  You've completed the worksheet. Leave Form 940, line 10, blank.
- If line 4 is **less than** line 1, continue this worksheet.

5. **Credit for paying state unemployment taxes late:**

5a. **What is your remaining allowable credit?** (line 1 - line 4 = line 5a) 5a. _____

5b. **How much state unemployment tax did you pay late?** 5b. _____

5c. **Which is smaller, line 5a or line 5b?** Enter the smaller number here. 5c. _____

5d. **Your allowable credit for paying state unemployment taxes late** (line 5c x 0.900 = line 5d) 5d. _____

6. **Your FUTA credit** (line 4 + line 5d = line 6) 6. _____

- If line 6 is **equal to** or **more than** line 1, **STOP here.**  You've completed the worksheet. Leave Form 940, line 10, blank.
- If line 6 is **less than** line 1, continue this worksheet.

7. **Your adjustment** (line 1 - line 6 = line 7) Enter line 7 from this worksheet on Form 940, line 10. 7. _____

Don't attach this worksheet to your Form 940. Keep it for your records.

Example for Using the Worksheet

Jill Brown and Tom White are corporate officers whose wages are excluded from state unemployment tax in your state. Jack Davis's wages aren't excluded from state unemployment tax. During 2024, you paid \$44,000 to Jill, \$22,000 to Tom, and \$16,000 to Jack. Your state's wage base is \$8,000. You paid some state unemployment tax on time, some late, and some remains unpaid.

Here are the records:

Total taxable FUTA wages (Form 940, line 7)	\$21,000.00
Taxable state unemployment wages	\$ 8,000.00
Experience rate for 2024	0.041 (4.1%)
State unemployment tax paid on time	\$100.00
State unemployment tax paid late	\$78.00
State unemployment tax not paid	\$150.00

1. Maximum allowable credit

\$21,000.00 (Form 940, line 7)	
x 0.054 (maximum credit rate)	
<u>\$1,134.00</u>	

1. \$1,134.00

2. Credit for timely state unemployment tax payments

2. \$100.00

3. Additional credit

0.054 (maximum credit rate)	\$8,000
- 0.041 (your experience rate)	x 0.013
<u>0.013 (your computation rate)</u>	\$104.00

3. \$104.00

4. Subtotal (line 2 + line 3)

\$100.00
+ 104.00
<u>\$204.00</u>

4. \$204.00

5. Credit for paying state unemployment taxes late

5a. Remaining allowable credit (line 1 - line 4)

\$1,134.00
- 204.00
<u>\$930.00</u>

5a. \$930.00

5b. State unemployment tax paid late

5b. \$78.00

5c. Which is smaller, line 5a or line 5b?

5c. \$78.00

5d. Allowable credit (for paying late)

\$78.00
x 0.900
<u>\$70.20</u>

5d. \$70.20

6. Your FUTA credit (line 4 + line 5d)

\$204.00
+ 70.20
<u>\$274.20</u>

6. \$274.20

7. Your adjustment (line 1 - line 6)

\$1,134.00
- 274.20
<u>\$859.80</u>

7. \$859.80

You would enter line 7 from this worksheet on Form 940, line 10.

11. If Credit Reduction Applies . . .

If you paid FUTA taxable wages that were also subject to state unemployment taxes in any states that are subject to credit reduction, enter the total amount from Schedule A (Form 940) on Form 940, line 11. However, if you entered an amount on line 9 because all the FUTA taxable wages you paid were excluded from state unemployment tax, skip line 11 and go to line 12.

Part 4: Determine Your FUTA Tax and Balance Due or Overpayment

If any line in Part 4 doesn't apply, leave it blank.

12. Total FUTA Tax After Adjustments

Add the amounts shown on lines 8, 9, 10, and 11, and enter the result on line 12.

line 8

line 9

line 10

+ line 11

line 12



If line 9 is greater than zero, lines 10 and 11 must be zero because they don't apply.

13. FUTA Tax Deposited for the Year

Enter the amount of FUTA tax that you deposited for the year, including any overpayment that you applied from a prior year.

14. Balance Due

If line 13 is less than line 12, enter the difference on line 14.

line 12

- line 13

line 14

If line 14 is:

- More than \$500, you must deposit your tax—see [When Must You Deposit Your FUTA Tax](#), earlier;
- \$500 or less, you can deposit your tax, pay your tax with a credit card or debit card, pay your tax by EFW if filing electronically, or pay your tax by check or money order with your return—for more information on electronic payment options, go to [IRS.gov/Payments](#); or
- Less than \$1, you don't have to pay it.



If you don't deposit as required and pay any balance due with Form 940, you may be subject to a penalty.

If you pay by EFT, credit card, or debit card, file your return using the [Without a payment](#) address under [Where Do You File](#), earlier. Don't file Form 940-V, Payment Voucher.

What if you can't pay in full? If you can't pay the full amount of tax you owe, you can apply for an installment agreement online. You can apply for an installment agreement online if:

- You can't pay the full amount shown on line 14,
- The total amount you owe is \$25,000 or less, and
- You can pay the liability in full in 24 months.

To apply using the Online Payment Agreement Application, go to [IRS.gov/OPA](https://www.irs.gov/opa).

Under an installment agreement, you can pay what you owe in monthly installments. There are certain conditions you must meet to enter into and maintain an installment agreement, such as paying the liability within 24 months, and making all required deposits and timely filing tax returns during the length of the agreement.

If your installment agreement is accepted, you will be charged a fee and you will be subject to penalties and interest on the amount of tax not paid by the due date of the return.

15. Overpayment

If line 13 is more than line 12, enter the difference on line 15.

line 13
– line 12
line 15

If you deposited more than the FUTA tax due for the year, you may choose to have us either:

- Apply the refund to your next return, or
- Send you a refund.

Check the appropriate box on line 15 to tell us which option you select. Check only one box on line 15. If you don't check either box or if you check both boxes, we will generally apply the overpayment to your next return. Regardless of any box you check or don't check, we may apply your overpayment to any past due tax account that is shown in our records under your EIN.

If line 15 is less than \$1, we will send you a refund or apply it to your next return only if you ask for it in writing.

Part 5: Report Your FUTA Tax Liability by Quarter Only if Line 12 Is More Than \$500

Fill out Part 5 only if line 12 is more than \$500. If line 12 is \$500 or less, leave Part 5 blank and go to Part 6.

16. Report the Amount of Your FUTA Tax Liability for Each Quarter

Enter the amount of your FUTA tax liability for each quarter on lines 16a–d. Don't enter the amount you deposited. If you had no liability for a quarter, leave the line blank.

- 16a.** 1st quarter (January 1 to March 31)
- 16b.** 2nd quarter (April 1 to June 30)
- 16c.** 3rd quarter (July 1 to September 30)
- 16d.** 4th quarter (October 1 to December 31)

To figure your FUTA tax liability for the fourth quarter, complete Form 940 through line 12. Then, copy the amount from line 12 onto line 17. Lastly, subtract the sum of lines 16a through 16c from line 17 and enter the result on line 16d.

Example

You paid wages on March 28 and your FUTA tax on those wages was \$200. You weren't required to make a deposit for the 1st quarter because your accumulated FUTA tax was \$500 or less. You paid additional wages on June 28 and your FUTA tax on those wages was \$400. Because your accumulated FUTA tax for the 1st and 2nd quarters exceeded \$500, you were required to make a deposit of \$600 by July 31.

You would enter \$200 on line 16a because your liability for the 1st quarter was \$200. You would also enter \$400 on line 16b to show your 2nd quarter liability.



In years when there are credit reduction states, you must include liabilities owed for credit reduction with your fourth quarter deposit. You may deposit the anticipated extra liability throughout the year, but it isn't due until the due date for the deposit for the fourth quarter, and the associated liability should be recorded as being incurred in the fourth quarter.

17. Total Tax Liability for the Year

Your total tax liability for the year must equal line 12. Copy the amount from line 12 onto line 17.

Part 6: May We Speak With Your Third-Party Designee?

If you want to allow an employee, your paid tax preparer, or another person to discuss your Form 940 with the IRS, check the "Yes" box. Then, enter the name and phone number of the person you choose as your designee. Be sure to give us the specific name of a person—not the name of the firm that prepared your tax return.

Have your designee select a five-digit personal identification number (PIN) that they must use as identification when talking to the IRS about your form.

By checking "Yes," you authorize us to talk to your designee about any questions that we may have while we process your return. Your authorization applies only to this form, for this year; it doesn't apply to other forms or other tax years.

You're authorizing your designee to:

- Give us any information that is missing from your return,
- Ask us for information about processing your return, and
- Respond to certain IRS notices that you have shared with your designee about math errors and in preparing your return. We won't send notices to your designee.

You're not authorizing your designee to:

- Receive any refund check,
- Bind you to anything (including additional tax liability), or
- Otherwise represent you before the IRS.

The authorization will automatically expire 1 year after the due date for filing your Form 940 (regardless of extensions). If you or your designee wants to end the authorization before it expires, write to the IRS office for your location using the *Without a payment* address under [Where Do You File](#), earlier.

If you want to expand your designee's authorization or if you want us to send your designee copies of your notices, see Pub. 947.

Part 7: Sign Here (Approved Roles)

You MUST Fill Out Both Pages of This Form and SIGN It

Failure to sign will delay the processing of your return.

On page 2 in Part 7, sign and print your name and title. Then, enter the date and the best daytime telephone number, including area code, where we can reach you if we have any questions.

Who Must Sign Form 940?

The following persons are authorized to sign the return for each type of business entity.

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

Form 940 may also be signed by a duly authorized agent of the taxpayer if a valid power of attorney or reporting agent authorization (Form 8655) has been filed.

Alternative signature method. Corporate officers or duly authorized agents may sign Form 940 by rubber stamp, mechanical device, or computer software program. For details and required documentation, see Rev. Proc. 2005-39, 2005-28 I.R.B. 82, available at [IRS.gov/irb/2005-28_IRB#RP-2005-39](#).

Paid preparers. A paid preparer must sign Form 940 and provide the information in the *Paid Preparer Use Only* section of Part 7 if the preparer was paid to prepare Form 940 and isn't an employee of the filing entity. Paid preparers must sign paper returns with a manual signature. The preparer must give you a copy of the return in addition to the copy to be filed with the IRS.

If you're a paid preparer, enter your Preparer Tax Identification Number (PTIN) in the space provided.

Include your complete address. If you work for a firm, enter the firm's name and the EIN of the firm. You can apply for a PTIN online or by filing Form W-12. For more information about applying for a PTIN online, go to [IRS.gov/PTIN](#). You can't use your PTIN in place of the EIN of the tax preparation firm.

Generally, don't complete the *Paid Preparer Use Only* section if you're filing the return as a reporting agent and have a valid Form 8655 on file with the IRS. However, a reporting agent must complete this section if the reporting agent offered legal advice, for example, by advising the client on determining whether its workers are employees or independent contractors for federal tax purposes.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on Form 940 to carry out the Internal Revenue laws of the United States. We need it to figure and collect the right amount of tax. Subtitle C, Employment Taxes, of the Internal Revenue Code imposes unemployment tax under the Federal Unemployment Tax Act. Form 940 is used to determine the amount of the taxes that you owe. Section 6011 requires you to provide the requested information if the tax is applicable to you. Section 6109 requires you to provide your identification number. If you fail to provide this information in a timely manner, or provide false or fraudulent information, you may be subject to penalties.

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 section 6103. However, section 6103 allows or requires the IRS to disclose or give the information shown on your tax return to others as described in the Code. For example, we may disclose your tax information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and territories to administer their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

The time needed to complete and file Form 940 will vary depending on individual circumstances. The estimated burden for employers filing Form 940 is approved under OMB control number 1545-0029 and is included in the estimates shown in the instructions for their employment tax return.



Attention:

You may file Forms W-2 and W-3 electronically on the SSA's [Employer W-2 Filing Instructions and Information](#) web page, which is also accessible at www.socialsecurity.gov/employer. You can create fill-in versions of Forms W-2 and W-3 for filing with SSA. You may also print out copies for filing with state or local governments, distribution to your employees, and for your records.

Note: Copy A of this form is provided for informational purposes only. Copy A appears in red, similar to the official IRS form. The official printed version of this IRS form is scannable, but the online version of it, printed from this website, is not. Do **not** print and file Copy A downloaded from this website with the SSA; a **penalty** may be imposed for filing forms that can't be scanned. See the penalties section in the current [General Instructions for Forms W-2 and W-3](#), available at www.irs.gov/w2, for more information.

Please note that Copy B and other copies of this form, which appear in black, may be downloaded, filled in, and printed and used to satisfy the requirement to provide the information to the recipient.

To order official IRS information returns such as Forms W-2 and W-3, which include a scannable Copy A for filing, go to IRS' [Online Ordering for Information Returns and Employer Returns](#) page, or visit www.irs.gov/orderforms and click on Employer and Information returns. We'll mail you the scannable forms and any other products you order.

See IRS Publications [1141](#), [1167](#), and [1179](#) for more information about printing these tax forms.

22222		VOID <input type="checkbox"/>	a Employee's social security number		For Official Use Only OMB No. 1545-0008		
b Employer identification number (EIN)			1 Wages, tips, other compensation		2 Federal income tax withheld		
c Employer's name, address, and ZIP code			3 Social security wages		4 Social security tax withheld		
			5 Medicare wages and tips		6 Medicare tax withheld		
			7 Social security tips		8 Allocated tips		
d Control number			9		10 Dependent care benefits		
e Employee's first name and initial		Last name	Suff.	11 Nonqualified plans		12a See instructions for box 12	
f Employee's address and ZIP code			13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b		
			14 Other		12c		
					12d		
15 State	Employer's state ID number		16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement

2024

Department of the Treasury—Internal Revenue Service
For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Copy A—For Social Security Administration. Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable.

Cat. No. 10134D


Do Not Cut, Fold, or Staple Forms on This Page

22222		a Employee's social security number		OMB No. 1545-0008				
b Employer identification number (EIN)			1 Wages, tips, other compensation		2 Federal income tax withheld			
c Employer's name, address, and ZIP code			3 Social security wages		4 Social security tax withheld			
			5 Medicare wages and tips		6 Medicare tax withheld			
			7 Social security tips		8 Allocated tips			
d Control number			9		10 Dependent care benefits			
e Employee's first name and initial		Last name		Suff.		11 Nonqualified plans		12a C o d e
						13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b C o d e
						14 Other		12c C o d e
								12d C o d e
f Employee's address and ZIP code								
15 State	Employer's state ID number		16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	
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Form **W-2** Wage and Tax Statement
 Copy 1—For State, City, or Local Tax Department

2024

Department of the Treasury—Internal Revenue Service

		a Employee's social security number		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile .	
b Employer identification number (EIN)				1 Wages, tips, other compensation		2 Federal income tax withheld					
c Employer's name, address, and ZIP code				3 Social security wages		4 Social security tax withheld					
				5 Medicare wages and tips		6 Medicare tax withheld					
				7 Social security tips		8 Allocated tips					
d Control number				9		10 Dependent care benefits					
e Employee's first name and initial		Last name		Suff.		11 Nonqualified plans		12a See instructions for box 12			
						13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b			
						14 Other		12c			
f Employee's address and ZIP code								12d			
15 State Employer's state ID number		16 State wages, tips, etc.		17 State income tax		18 Local wages, tips, etc.		19 Local income tax		20 Locality name	
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Form **W-2** Wage and Tax Statement

2024

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

Future developments. For the latest information about developments related to Form W-2, such as legislation enacted after it was published, go to www.irs.gov/FormW2.

Notice to Employee

Do you have to file? Refer to the Form 1040 instructions to determine if you are required to file a tax return. Even if you don't have to file a tax return, you may be eligible for a refund if box 2 shows an amount or if you are eligible for any credit.

Earned income tax credit (EITC). You may be able to take the EITC for 2024 if your adjusted gross income (AGI) is less than a certain amount. The amount of the credit is based on income and family size. Workers without children could qualify for a smaller credit. You and any qualifying children must have valid social security numbers (SSNs). You can't take the EITC if your investment income is more than the specified amount for 2024 or if income is earned for services provided while you were an inmate at a penal institution. For 2024 income limits and more information, visit www.irs.gov/EITC. See also Pub. 596. **Any EITC that is more than your tax liability is refunded to you, but only if you file a tax return.**

Employee's social security number (SSN). For your protection, this form may show only the last four digits of your SSN. However, your employer has reported your complete SSN to the IRS and the Social Security Administration (SSA).

Clergy and religious workers. If you aren't subject to social security and Medicare taxes, see Pub. 517.

Corrections. If your name, SSN, or address is incorrect, correct Copies B, C, and 2 and ask your employer to correct your employment record. Be sure to ask the employer to file Form W-2c, Corrected Wage and Tax Statement, with the SSA to correct any name, SSN, or money amount error reported to the SSA on Form W-2. Be sure to get your copies of Form W-2c from your employer for all corrections made so you may file them with your tax return. If your name and SSN are correct but aren't the same as shown on your social security card, you should ask for a new card that displays your correct name at any SSA office or by calling 800-772-1213. You may also visit the SSA website at www.SSA.gov.

Cost of employer-sponsored health coverage (if such cost is provided by the employer). The reporting in box 12, using code DD, of the cost of employer-sponsored health coverage is for your information only. **The amount reported with code DD is not taxable.**

Credit for excess taxes. If you had more than one employer in 2024 and more than \$10,453.20 in social security and/or Tier 1 railroad retirement (RRTA) taxes were withheld, you may be able to claim a credit for the excess against your federal income tax. See the Form 1040 instructions. If you had more than one railroad employer and more than \$6,129.90 in Tier 2 RRTA tax was withheld, you may be able to claim a refund on Form 843. See the Instructions for Form 843.

(See also *Instructions for Employee* on the back of Copy C.)

		a Employee's social security number	This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.			
			OMB No. 1545-0008			
b Employer identification number (EIN)			1 Wages, tips, other compensation		2 Federal income tax withheld	
c Employer's name, address, and ZIP code			3 Social security wages		4 Social security tax withheld	
			5 Medicare wages and tips		6 Medicare tax withheld	
			7 Social security tips		8 Allocated tips	
d Control number			9		10 Dependent care benefits	
e Employee's first name and initial Last name Suff.			11 Nonqualified plans		12a See instructions for box 12 C o d e	
			13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b C o d e	
			14 Other		12c C o d e	
					12d C o d e	
f Employee's address and ZIP code						
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement
Copy C—For EMPLOYEE'S RECORDS
(See *Notice to Employee* on the back of Copy B.)

2024

Department of the Treasury—Internal Revenue Service

Safe, accurate,
FAST! Use



Instructions for Employee

(See also *Notice to Employee* on the back of Copy B.)

Box 1. Enter this amount on the wages line of your tax return.

Box 2. Enter this amount on the federal income tax withheld line of your tax return.

Box 5. You may be required to report this amount on Form 8959. See the Form 1040 instructions to determine if you are required to complete Form 8959.

Box 6. This amount includes the 1.45% Medicare tax withheld on all Medicare wages and tips shown in box 5, as well as the 0.9% Additional Medicare Tax on any of those Medicare wages and tips above \$200,000.

Box 8. This amount is **not** included in box 1, 3, 5, or 7. For information on how to report tips on your tax return, see the Form 1040 instructions.

You must file Form 4137 with your income tax return to report at least the allocated tip amount unless you can prove with adequate records that you received a smaller amount. If you have records that show the actual amount of tips you received, report that amount even if it is more or less than the allocated tips. Use Form 4137 to figure the social security and Medicare tax owed on tips you didn't report to your employer. Enter this amount on the wages line of your tax return. By filing Form 4137, your social security tips will be credited to your social security record (used to figure your benefits).

Box 10. This amount includes the total dependent care benefits that your employer paid to you or incurred on your behalf (including amounts from a section 125 (cafeteria) plan). Any amount over your employer's plan limit is also included in box 1. See Form 2441.

Box 11. This amount is (a) reported in box 1 if it is a distribution made to you from a nonqualified deferred compensation or nongovernmental section 457(b) plan, or (b) included in box 3 and/or box 5 if it is a prior year deferral under a nonqualified or section 457(b) plan that became taxable for social security and Medicare taxes this year because there is no longer a substantial risk of forfeiture of your right to the deferred amount. This box shouldn't be used if you had a deferral and a distribution in the same calendar year. If you made a deferral and

received a distribution in the same calendar year, and you are or will be age 62 by the end of the calendar year, your employer should file Form SSA-131, Employer Report of Special Wage Payments, with the Social Security Administration and give you a copy.

Box 12. The following list explains the codes shown in box 12. You may need this information to complete your tax return. Elective deferrals (codes D, E, F, and S) and designated Roth contributions (codes AA, BB, and EE) under all plans are generally limited to a total of \$23,000 (\$16,000 if you only have SIMPLE plans; \$26,000 for section 403(b) plans if you qualify for the 15-year rule explained in Pub. 571). Deferrals under code G are limited to \$23,000. Deferrals under code H are limited to \$7,000.

However, if you were at least age 50 in 2024, your employer may have allowed an additional deferral of up to \$7,500 (\$3,500 for section 401(k)(11) and 408(p) SIMPLE plans). This additional deferral amount is not subject to the overall limit on elective deferrals. For code G, the limit on elective deferrals may be higher for the last 3 years before you reach retirement age. Contact your plan administrator for more information. Amounts in excess of the overall elective deferral limit must be included in income. See the Form 1040 instructions.

Note: If a year follows code D through H, S, Y, AA, BB, or EE, you made a make-up pension contribution for a prior year(s) when you were in military service. To figure whether you made excess deferrals, consider these amounts for the year shown, not the current year. If no year is shown, the contributions are for the current year.

A—Uncollected social security or RRTA tax on tips. Include this tax on Form 1040 or 1040-SR. See the Form 1040 instructions.

B—Uncollected Medicare tax on tips. Include this tax on Form 1040 or 1040-SR. See the Form 1040 instructions.

C—Taxable cost of group-term life insurance over \$50,000 (included in boxes 1, 3 (up to the social security wage base), and 5)

D—Elective deferrals to a section 401(k) cash or deferred arrangement. Also includes deferrals under a SIMPLE retirement account that is part of a section 401(k) arrangement.

E—Elective deferrals under a section 403(b) salary reduction agreement
(continued on back of Copy 2)

		a Employee's social security number		OMB No. 1545-0008	
b Employer identification number (EIN)			1 Wages, tips, other compensation		2 Federal income tax withheld
c Employer's name, address, and ZIP code			3 Social security wages		4 Social security tax withheld
			5 Medicare wages and tips		6 Medicare tax withheld
			7 Social security tips		8 Allocated tips
d Control number			9		10 Dependent care benefits
e Employee's first name and initial		Last name		Suff.	
			11 Nonqualified plans		12a C o d e
			13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b C o d e
			14 Other		12c C o d e
					12d C o d e
f Employee's address and ZIP code					
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax
					20 Locality name

Form **W-2** Wage and Tax Statement

2024

Department of the Treasury—Internal Revenue Service

Copy 2—To Be Filed With Employee's State, City, or Local Income Tax Return

Instructions for Employee *(continued from back of Copy C)*

Box 12 *(continued)*

- F**—Elective deferrals under a section 408(k)(6) salary reduction SEP
- G**—Elective deferrals and employer contributions (including nonelective deferrals) to a section 457(b) deferred compensation plan
- H**—Elective deferrals to a section 501(c)(18)(D) tax-exempt organization plan. See the Form 1040 instructions for how to deduct.
- J**—Nontaxable sick pay (information only, not included in box 1, 3, or 5)
- K**—20% excise tax on excess golden parachute payments. See the Form 1040 instructions.
- L**—Substantiated employee business expense reimbursements (nontaxable)
- M**—Uncollected social security or RRTA tax on taxable cost of group-term life insurance over \$50,000 (former employees only). See the Form 1040 instructions.
- N**—Uncollected Medicare tax on taxable cost of group-term life insurance over \$50,000 (former employees only). See the Form 1040 instructions.
- P**—Excludable moving expense reimbursements paid directly to a member of the U.S. Armed Forces (not included in box 1, 3, or 5)
- Q**—Nontaxable combat pay. See the Form 1040 instructions for details on reporting this amount.
- R**—Employer contributions to your Archer MSA. Report on Form 8853.
- S**—Employee salary reduction contributions under a section 408(p) SIMPLE plan
- T**—Adoption benefits (not included in box 1). Complete Form 8839 to figure any taxable and nontaxable amounts.
- V**—Income from exercise of nonstatutory stock option(s) (included in boxes 1, 3 (up to the social security wage base), and 5). See Pub. 525 for reporting requirements.
- W**—Employer contributions (including amounts the employee elected to contribute using a section 125 (cafeteria) plan) to your health savings account. Report on Form 8889.

Y—Deferrals under a section 409A nonqualified deferred compensation plan

Z—Income under a nonqualified deferred compensation plan that fails to satisfy section 409A. This amount is also included in box 1. It is subject to an additional 20% tax plus interest. See the Form 1040 instructions.

AA—Designated Roth contributions under a section 401(k) plan

BB—Designated Roth contributions under a section 403(b) plan

DD—Cost of employer-sponsored health coverage. **The amount reported with code DD is not taxable.**

EE—Designated Roth contributions under a governmental section 457(b) plan. This amount does not apply to contributions under a tax-exempt organization section 457(b) plan.

FF—Permitted benefits under a qualified small employer health reimbursement arrangement

GG—Income from qualified equity grants under section 83(i)

HH—Aggregate deferrals under section 83(i) elections as of the close of the calendar year

II—Medicaid waiver payments excluded from gross income under Notice 2014-7.

Box 13. If the “Retirement plan” box is checked, special limits may apply to the amount of traditional IRA contributions you may deduct. See Pub. 590-A.

Box 14. Employers may use this box to report information such as state disability insurance taxes withheld, union dues, uniform payments, health insurance premiums deducted, nontaxable income, educational assistance payments, or a member of the clergy’s parsonage allowance and utilities. Railroad employers use this box to report railroad retirement (RRTA) compensation, Tier 1 tax, Tier 2 tax, Medicare tax, and Additional Medicare Tax. Include tips reported by the employee to the employer in railroad retirement (RRTA) compensation.

Note: Keep **Copy C** of Form W-2 for at least 3 years after the due date for filing your income tax return. However, to help **protect your social security benefits**, keep Copy C until you begin receiving social security benefits, just in case there is a question about your work record and/or earnings in a particular year.

VOID <input type="checkbox"/>		a Employee's social security number		OMB No. 1545-0008					
b Employer identification number (EIN)			1 Wages, tips, other compensation		2 Federal income tax withheld				
c Employer's name, address, and ZIP code			3 Social security wages		4 Social security tax withheld				
			5 Medicare wages and tips		6 Medicare tax withheld				
			7 Social security tips		8 Allocated tips				
d Control number			9		10 Dependent care benefits				
e Employee's first name and initial		Last name		Suff.		11 Nonqualified plans	12a See instructions for box 12		
						13 Statutory employee <input type="checkbox"/>	Retirement plan <input type="checkbox"/>	Third-party sick pay <input type="checkbox"/>	12b
						14 Other			12c
									12d
f Employee's address and ZIP code									
15 State Employer's state ID number		16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name			

Form **W-2** Wage and Tax Statement
 Copy D—For Employer

2024

Department of the Treasury—Internal Revenue Service
 For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Employers, Please Note—

Specific information needed to complete Form W-2 is available in a separate booklet titled the 2024 General Instructions for Forms W-2 and W-3. You can order these instructions and additional forms at www.irs.gov/OrderForms.

Caution: Do not send the SSA any Forms W-2 and W-3 that you have printed from IRS.gov. The SSA is unable to process these forms. Instead, you can create and submit them online. See *E-filing*, later.

Due dates. By January 31, 2025, furnish Copies B, C, and 2 to each person who was your employee during 2024. Mail or electronically file Copy A of Form(s) W-2 and W-3 with the SSA by January 31, 2025. See the separate instructions.

Need help? If you have questions about reporting on Form W-2, call the Technical Services Operation (TSO) toll free at 866-455-7438 or 304-263-8700 (not toll free). Deaf or hard-of-

hearing customers may call any of our toll-free numbers using their choice of relay service.

E-filing. If you file 10 or more information returns, you must file electronically. See Regulations section 301.6011-2 for more information. Even if you aren't required to file electronically, doing so can save you time and effort. Employers may use the SSA's W-2 Online service to create, save, print, and electronically submit up to 50 Form(s) W-2 at a time. When you *e-file* with the SSA, no separate Form W-3 filing is required. An electronic Form W-3 will be created for you by the W-2 Online service. For information, visit the SSA's Employer W-2 Filing Instructions & Information website at www.SSA.gov/employer.

Future developments. For the latest information about developments affecting Form W-2 and its instructions, such as legislation enacted after we release them, go to www.irs.gov/FormW2.



Attention:

You may file Forms W-2 and W-3 electronically on the SSA's [Employer W-2 Filing Instructions and Information](#) web page, which is also accessible at www.socialsecurity.gov/employer. You can create fill-in versions of Forms W-2 and W-3 for filing with SSA. You may also print out copies for filing with state or local governments, distribution to your employees, and for your records.

Note: Copy A of this form is provided for informational purposes only. Copy A appears in red, similar to the official IRS form. The official printed version of this IRS form is scannable, but the online version of it, printed from this website, is not. Do **not** print and file Copy A downloaded from this website with the SSA; a **penalty** may be imposed for filing forms that can't be scanned. See the penalties section in the current [General Instructions for Forms W-2 and W-3](#), available at www.irs.gov/w2, for more information.

Please note that Copy B and other copies of this form, which appear in black, may be downloaded, filled in, and printed and used to satisfy the requirement to provide the information to the recipient.

To order official IRS information returns such as Forms W-2 and W-3, which include a scannable Copy A for filing, go to IRS' [Online Ordering for Information Returns and Employer Returns](#) page, or visit www.irs.gov/orderforms and click on Employer and Information returns. We'll mail you the scannable forms and any other products you order.

See IRS Publications [1141](#), [1167](#), and [1179](#) for more information about printing these tax forms.

DO NOT STAPLE

Form W-3 with fields for Control number, Kind of Payer, Kind of Employer, Wages, taxes, and contact information.

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature: Title: Date:

Form W-3 Transmittal of Wage and Tax Statements 2024 Department of the Treasury Internal Revenue Service

Send this entire page with the entire Copy A page of Form(s) W-2 to the Social Security Administration (SSA). Photocopies are not acceptable. Do not send Form W-3 if you filed electronically with the SSA. Do not send any payment (cash, checks, money orders, etc.) with Forms W-2 and W-3.

Reminder

Separate instructions. See the 2024 General Instructions for Forms W-2 and W-3 for information on completing this form. Do not file Form W-3 for Form(s) W-2 that were submitted electronically to the SSA.

Purpose of Form

Complete a Form W-3 transmittal only when filing paper Copy A of Form(s) W-2, Wage and Tax Statement. Don't file Form W-3 alone. All paper forms must comply with IRS standards and be machine readable. Photocopies are not acceptable. Use a Form W-3 even if only one paper Form W-2 is being filed. Make sure both the Form W-3 and Form(s) W-2 show the correct tax year and employer identification number (EIN). Make a copy of this form and keep it with Copy D (For Employer) of Form(s) W-2 for your records. The IRS recommends retaining copies of these forms for 4 years.

E-Filing

The SSA strongly suggests employers report Form W-3 and Forms W-2 Copy A electronically instead of on paper. The SSA provides two free e-filing options on its Business Services Online (BSO) website.

- W-2 Online. Use fill-in forms to create, save, print, and submit up to 50 Forms W-2 at a time to the SSA.
• File Upload. Upload wage files to the SSA you have created using payroll or tax software that formats the files according to the SSA's Specifications for Filing Forms W-2 Electronically (EFW2).

W-2 Online fill-in forms or file uploads will be on time if submitted by January 31, 2025. For more information, go to www.SSA.gov/bsa. First-time filers, select "Register"; returning filers, select "Log In."

When To File Paper Forms

Mail Form W-3 with Copy A of Form(s) W-2 by January 31, 2025.

Where To File Paper Forms

Send this entire page with the entire Copy A page of Form(s) W-2 to:

Social Security Administration
Direct Operations Center
Wilkes-Barre, PA 18769-0001

Note: If you use "Certified Mail" to file, change the ZIP code to "18769-0002." If you use an IRS-approved private delivery service, add "ATTN: W-2 Process, 1150 E. Mountain Dr." to the address and change the ZIP code to "18702-7997." See Pub. 15 (Circular E), Employer's Tax Guide, for a list of IRS-approved private delivery services.

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.



General Instructions for Forms W-2 and W-3

(Including Forms W-2AS, W-2CM, W-2GU, W-2VI, W-3SS, W-2c, and W-3c)

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

Contents	Page
Future Developments	1
What's New	1
Reminders	2
Need Help?	6
How To Get Forms and Publications	6
Common Errors on Forms W-2	6
General Instructions for Forms W-2 and W-3	6
Special Reporting Situations for Form W-2	9
Penalties	15
Specific Instructions for Form W-2	17
Specific Instructions for Form W-3	25
General Instructions for Forms W-2c and W-3c	27
Special Situations for Forms W-2c and W-3c	27
Specific Instructions for Form W-2c	29
Specific Instructions for Form W-3c	30
Form W-2 Reference Guide for Box 12 Codes	32
Form W-2 Box 13 Retirement Plan Checkbox Decision Chart	32
Nonqualified Deferred Compensation Reporting Example Chart	33
Index	35

Future Developments

For the latest information about developments related to Forms W-2 and W-3 and their instructions, such as legislation enacted after they were published, go to [IRS.gov/FormW2](https://www.irs.gov/FormW2).

What's New

Electronic filing of returns. The Taxpayer First Act of 2019, enacted July 1, 2019, authorized the Department of the Treasury and the IRS to issue regulations that reduce the threshold for mandatory electronic filing. Treasury Decision 9972, published February 23, 2023, amended Regulations section 301.6011-2 to change the electronic filing rules for certain information returns, including Forms W-2 and W-2c.

Requirements for Forms W-2. The regulations lowered to 10 the threshold at which you must file certain information returns electronically, including Forms W-2, W-2AS, W-2GU, and W-2VI (collectively Forms W-2), but not Form W-2CM. To determine whether you must file information returns electronically, add together the number of information returns (see the list next) and the number of Forms W-2 you must file in a calendar year. If the total is at least 10 returns, you must file them all electronically. The

new threshold became effective for information returns *required to be filed* in calendar years beginning with 2024 (tax year 2023 Forms W-2).

The following information return forms must be added together for this purpose: Form 1042-S, the Form 1094 series, Form 1095-B, Form 1095-C, Form 1097-BTC, Form 1098, Form 1098-C, Form 1098-E, Form 1098-Q, Form 1098-T, the Form 1099 series, Form 3921, Form 3922, the Form 5498 series, Form 8027, Form W-2G, and Form 499R-2/W-2PR. Corrected information returns are treated separately (see below) and are not included in calculating the number of information returns described above.

Requirements for Forms W-2c. The regulations revise the requirements for electronic filing of Form W-2c to correct originally filed Forms W-2, W-2AS, W-2GU, and W-2VI (collectively Form W-2), but not Form W-2CM. These revised rules are different from the rules for electronically filing the original forms. If you were required to electronically file the original Form W-2, you must electronically file any Form W-2c correcting that form. If the original Form W-2 was permitted to be filed on paper and you filed on paper, then you must file on paper any Form W-2c correcting that form.

New box 12, code II, for Medicaid waiver payments excluded from gross income under Notice 2014-7.

There is a new code II for box 12 used to report Medicaid waiver payments not included in box 1 of Form W-2. See [Medicaid waiver payments](#) for more information.

Form and publication changes for 2024. Certain changes in forms and publications for 2024 have been incorporated in these instructions as discussed next.

Publications 51, 80, and 179. Information specific to Pub. 51 (Circular A), Agricultural Employer's Tax Guide, 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, and Pub. 179 (Circular PR), Guía Contributiva Federal para Patronos Puertorriqueños, has been included in the 2024 Pub. 15 (Circular E). Pub. 51, Pub. 80, and Pub. 179 are no longer available after 2023. A new Spanish-language Pub. 15 (sp) is available for any employer who prefers Spanish, whether they are located in the U.S. or any of the territories.

Form 941-SS. Beginning with the first quarter of 2024, Form 941-SS is no longer available. Employers in the territories who had filed Form 941-SS must file Form 941, which has been adapted for their use. Any employer who prefers Form 941 and instructions in Spanish, whether they are located in the U.S. or any of the territories, can file

new Spanish-language Form 941 (sp). The 2024 Form W-3SS has been revised accordingly.

MSRRA changes. The Veterans Auto and Education Improvement Act of 2022, P.L. 117-333, section 18, enacted on January 5, 2023, changed the residency rules for tax purposes for civilian spouses of servicemembers. Civilian spouses no longer need to have had the same tax residence as the servicemember before relocating in order to keep their prior residence. In addition, for any taxable year of their marriage, servicemembers and their civilian spouses may elect to use the residence of the servicemember, the residence of the spouse, or the permanent duty station of the servicemember, regardless of the date on which the marriage of the spouse and the servicemember occurred. Go to [Military Spouses Residency Relief Act \(MSRRA\)](#), for more information.

Forms W-2c and W-3c have been updated. Updated Forms W-2c and W-3c were released on August 3, 2023. The forms have a revision date (Rev. 8-2023) to the right of the bold W-2c or W-3c. Editorial updates were made to align the correction forms with the current Forms W-2 and W-3. Like the Forms W-2, you may complete and print Copies 1, B, C, 2 (if applicable), and D of Form W-2c (Rev. 8-2023) on IRS.gov to provide to the respective recipient. An entry made in any one of these copies will automatically populate to the other copies. Copy A cannot be completed online to print and file with the SSA and is posted on IRS.gov for informational purposes only.

SECURE 2.0 Act changes. Division T (SECURE 2.0 Act) of the Consolidated Appropriations Act 2022 (P.L. 117-368) enacted December 29, 2022, made changes in various retirement arrangements that affect reporting on Forms W-2.

Designated Roth nonelective contributions and designated Roth matching contributions. SECURE 2.0 Act section 604 permits certain nonelective contributions and matching contributions that are made after December 29, 2022, to be designated as Roth contributions. Designated Roth nonelective contributions and designated Roth matching contributions must be reported on Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. See [Designated Roth contributions](#) for more information.

Pension-linked emergency savings accounts. Under SECURE 2.0 Act section 127, employers may add emergency savings accounts to a defined contribution plan to permit employees participating in the plan to make designated Roth contributions that later may be withdrawn subject to certain restrictions. Employers must report these contributions, along with any other designated Roth contributions, on Form W-2, box 12. See [Designated Roth contributions](#) for more information.

Roth SIMPLE and Roth SEP IRAs. Under SECURE 2.0 Act section 601, a simplified employee pension (SEP) arrangement or a savings incentive match plan for employees (SIMPLE) IRA plan may allow an employee to designate a Roth IRA as the IRA to which contributions under the arrangement or plan are made. Salary reduction contributions contributed to Roth SEP and Roth SIMPLE IRAs are subject to federal income tax, social security, and Medicare tax withholding and are included in boxes 1, 3,

and 5 (or box 14 for railroad retirement taxes) of Form W-2 and are reported in box 12 using code F (for a SEP) or code S (for a SIMPLE IRA).

De minimis financial incentives. Section 113 of the SECURE 2.0 Act amended sections 401(k)(4)(A) and 403(b)(12)(A) to allow de minimis financial incentives (not paid for with or derived from plan assets) to be provided to employees who elect to have the employer make contributions under a 401(k) cash or deferred arrangement or elect to have the employer make contributions pursuant to a salary reduction agreement under a 403(b) plan.

If an employer provides a de minimis financial incentive to an employee, that incentive is included in the employee's wages and subject to applicable withholding requirements unless an exception applies. See Q&A D-1 through D-6 of Notice 2024-2, 2024-2 I.R.B. 316, at [IRS.gov/irb/2024-02_IRB#NOT-2024-2](#), for additional guidance on de minimis financial incentives. See also [De minimis financial incentives](#), later, for more details.

Business Services Online (BSO) has been updated. Additional levels of security are now required to access BSO employer services. If you have not updated your credentials since March 25, 2023, you will need to update your credentials as soon as possible, in order to prevent any delays in e-filing Forms W-2 and W-2c. You will not be able to use the services provided by BSO without having the new credentials and authentications for your account. New and current users should allow at least 2 weeks to complete the registration process. For more information, go to the SSA's website at [SSA.gov/bsa](#).

Disaster tax relief. Disaster tax relief is available for those affected by recent disasters. For more information about disaster relief, go to [IRS.gov/DisasterTaxRelief](#).

Penalties increased. Failure to file and failure to furnish penalties, and penalties for intentional disregard of filing and payee statement requirements, have increased due to adjustments for inflation. The higher penalty amounts apply to returns required to be filed after December 31, 2024. See [Penalties](#) for more information.

Reminders

Forms W-2 (including Forms W-2AS, W-2GU, and W-2VI) redesigned. Beginning with the tax year 2023 forms (filed in tax year 2024), you may complete and print Copies 1, B, C, 2 (if applicable), and D (if applicable) of Forms W-2, W-2AS, W-2GU, and W-2VI on IRS.gov to provide to the respective recipient. An entry made in any one of these copies will automatically populate to the other copies. As before, Copy A cannot be completed online to print and file with the SSA and is posted on IRS.gov for informational purposes only. Copy D for employers and the Note for Employers that was previously provided on the back of Copy D has been removed from the Forms W-2AS, W-2GU, and W-2VI to reduce the number of pages for printing purposes.

Due date for filing with SSA. The due date for filing 2024 Forms W-2, W-2AS, W-2CM, W-2GU, W-2VI, W-3, and W-3SS with the SSA is January 31, 2025, whether you file using paper forms or electronically.

Extensions of time to file. Extensions of time to file Form W-2 with the SSA are not automatic. You may request one 30-day extension to file Form W-2 by submitting a complete application on Form 8809, Application for Extension of Time To File Information Returns, indicating that at least one of the criteria on the form and instructions for granting an extension applies, and signing under penalties of perjury. The IRS will only grant the extension in extraordinary circumstances or catastrophe. See [Extension of time to file Forms W-2 with the SSA](#) for more information. This does not affect extensions of time to furnish Forms W-2 to employees. See [Extension of time to furnish Forms W-2 to employees](#) for more information.



Get it done faster...
E-file your Forms W-2 and W-2c with the SSA.
See [E-filing](#).

Rejected wage reports from the Social Security Administration (SSA). The SSA will reject Form W-2 electronic and paper wage reports under the following conditions.

- Medicare wages and tips are less than the sum of social security wages and social security tips;
- Social security tax is greater than zero; social security wages and social security tips are equal to zero; and
- Medicare tax is greater than zero; Medicare wages and tips are equal to zero.

Additionally, Forms W-2 and W-2c electronic and paper wage reports for household employers will be rejected under the following conditions.

- The sum of social security wages and social security tips is less than the minimum yearly earnings subject to social security and Medicare tax withholding for a household employee, and
- The Medicare wages and tips are less than the minimum yearly earnings subject to social security and Medicare tax withholding for a household employee.

If the above conditions occur in an electronic wage report, an error message will alert the submitter to correct the report. If the above conditions occur in a paper wage report, the SSA will notify the employer by email or postal mail to correct the report and resubmit it to the SSA.

Note. Do not write “corrected” or “amended” on any resubmitted reports.

Household employers, see Pub. 926, Household Employer's Tax Guide.

Social security numbers. Employers may truncate the employee's SSN on employee copies of Forms W-2. Do **not** truncate the employees' SSN on Copy A of Forms W-2, W-2c, W-2AS, W-2GU, and W-2VI. See [Taxpayer identification numbers \(TINs\)](#), later. Also see Regulations section 31.6051-1(a)(1)(i)(B) and 31.6051-2(a). To truncate where allowed, replace the first 5 digits of the 9-digit number with asterisks (*) or Xs (for example, an SSN xxx-xx-1234 would appear on the employee copies as ***-**-1234 or XXX-XX-1234). Truncation of SSNs on employee copies of Form W-2 is voluntary. You are not required to truncate SSNs on employee copies of Form W-2. Check with your state, local, or territorial governments to determine whether you are permitted to

truncate SSNs on copies of Form W-2 submitted to the government.

An employer's EIN may not be truncated on any form. See Regulations section 31.6051-1(a)(1)(i)(A) and 301.6109-4(b)(2)(iv).

Limit on health flexible spending arrangement (FSA).

For 2024, a cafeteria plan may not allow an employee to request salary reduction contributions for a health FSA in excess of \$3,200. The salary reduction contribution limitation of \$3,200 does not include any amount carried over from a previous year. For more information, see [Health flexible spending arrangement \(FSA\)](#).

Additional Medicare Tax. In addition to withholding Medicare tax at 1.45%, an employer is required to withhold a 0.9% Additional Medicare Tax on any Federal Insurance Contributions Act (FICA) wages or Railroad Retirement Tax Act (RRTA) compensation it pays to an employee in excess of \$200,000 in a calendar year. An employer is required to begin withholding Additional Medicare Tax in the pay period in which it pays wages or compensation in excess of \$200,000 to an employee and continue to withhold it until the end of the calendar year. Additional Medicare Tax is imposed only on the employee. There is no employer share of Additional Medicare Tax. All wages and compensation that are subject to Medicare tax are subject to Additional Medicare Tax withholding if paid in excess of the \$200,000 withholding threshold.

For more information on Additional Medicare Tax, go to [IRS.gov/ADMTfaqs](#).

Unless otherwise noted, references to Medicare tax include Additional Medicare Tax.

Medicaid waiver payments. Notice 2014-7 provides that certain Medicaid waiver payments may be excluded from gross income for federal income tax purposes. See Notice 2014-7, 2014-4 I.R.B. 445, available at [IRS.gov/irb/2014-4_IRB#NOT-2014-7](#). Also see [IRS.gov/MedicaidWaiverPayments](#) for questions and answers on the notice.

Report Medicaid waiver payments excluded from box 1 of Form W-2 under Notice 2014-7 in box 12 with code II.

Business Services Online (BSO).

CAUTION: Business Services Online (BSO) has been updated. Additional levels of security are now required to access BSO employer services. If you have not updated your credentials since March 25, 2023, you will need to update your credentials as soon as possible, in order to prevent any delays in e-filing Forms W-2 and W-2c. You will not be able to use the services provided by BSO without having the new credentials and authentications for your account. New and current users should allow at least 2 weeks to complete the registration process. For more information, go to the SSA's website at [SSA.gov/bsa](#).

The SSA has enhanced its secure BSO website to make it easier to register and navigate. Use BSO's online fill-in forms to create, save, and submit Forms W-2 and W-2c to the SSA electronically. BSO lets you print copies of these forms to file with state or local governments, distribute to your employees, and keep for your records. BSO generates Form W-3 automatically based on your Forms W-2. You can also use BSO to upload wage files to

the SSA, check on the status of previously submitted wage reports, and take advantage of other convenient services for employers and businesses. Visit the SSA's Employer W-2 Filing Instructions & Information website at [SSA.gov/employer](https://www.ssa.gov/employer) for more information about using BSO to save time for your organization. Here you will also find forms and publications used for wage reporting, information about verifying employee social security numbers online, how to reach an SSA employer services representative for your region, and more.



Preview BSO by viewing a brief online tutorial. Go to [SSA.gov/employer/bsotut.htm](https://www.ssa.gov/employer/bsotut.htm).

Correcting wage reports. You can use BSO to create, save, print, and submit Forms W-2c, Corrected Wage and Tax Statement, online for the current year as well as for prior years. After logging into BSO, navigate to the Electronic Wage Reporting home page and click on the "Forms W-2c/W-3c Online" tab. Also see [E-filing](#) and [E-filing Forms W-2c and W-3c](#).

Tax relief for victims of terrorist attacks. Disability payments for injuries incurred as a direct result of a terrorist attack directed against the United States (or its allies) are not included in income. Because federal income tax withholding is required only when a payment is includable in income, no federal income tax should be withheld from these payments.

Distributions from governmental section 457(b) plans of state and local agencies. Generally, report distributions from section 457(b) plans of state and local agencies on Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. See Notice 2003-20 on page 894 of Internal Revenue Bulletin 2003-19 at [IRS.gov/pub/irs-irbs/irb03-19.pdf](https://www.irs.gov/pub/irs-irbs/irb03-19.pdf).

Earned income tax credit (EITC) notice (not applicable to Forms W-2AS, W-2CM, W-2GU, and W-2VI). You must notify employees who have no income tax withheld that they may be able to claim an income tax refund because of the EITC. You can do this by using the official Internal Revenue Service (IRS) Form W-2 with the EITC notice on the back of Copy B or a substitute Form W-2 with the same statement. You must give your employee Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit (EIC), or your own statement that contains the same wording if (a) you use a substitute Form W-2 that does not contain the EITC notice, (b) you are not required to furnish Form W-2, or (c) you do not furnish a timely Form W-2 to your employee. For more information, see section 10 in Pub. 15 (Circular E), Employer's Tax Guide.

Electronic statements for employees. Furnishing Copies B, C, and 2 of Forms W-2 to your employees electronically may save you time and effort. See *Furnishing Form W-2 to employees electronically* in Pub. 15-A, Employer's Supplemental Tax Guide, for additional information.

In general, if you furnished statements to your employees electronically for the original Form W-2, you must furnish the Form W-2c correcting such form electronically. See Regulations section 31.6051-1(j)(5)(iii)

for more information about electronic furnishing of Forms W-2c.

E-filing. Use the following rules to determine whether you must *e-file* your Forms W-2 or W-2c. If you are required to *e-file* but fail to do so, you may incur a penalty.

Requirement to e-file Forms W-2. You must *e-file* Forms W-2, W-2AS, W-2GU, and W-2VI (collectively Forms W-2), but not Form W-2CM, if you are required to file at least 10 information returns. To determine whether you must file Forms W-2 electronically, add together the number of information returns (see the list below) and the number of Forms W-2 you must file in a calendar year. If the total is at least 10 returns, you must *e-file* them all. If you need to issue an additional Form(s) W-2 to report more than four coded items in box 12, the additional Form(s) W-2 is included in the number of information returns for the purpose of determining whether you must *e-file*.

The following information return forms must be added together for this purpose: Form 1042-S, the Form 1094 series, Form 1095-B, Form 1095-C, Form 1097-BTC, Form 1098, Form 1098-C, Form 1098-E, Form 1098-Q, Form 1098-T, the Form 1099 series, Form 3921, Form 3922, the Form 5498 series, Form 8027, Form W-2G, and Form 499R-2/W-2PR.

Corrected information returns are treated separately and are not included in calculating the number of information returns described above.

Requirement to e-file Forms W-2c. You must *e-file* Forms W-2c to correct originally filed Forms W-2, W-2AS, W-2GU, and W-2VI (collectively Form W-2), but not Form W-2CM, depending on how the original Forms W-2 were correctly filed. If you were required to *e-file* the original Form W-2, you must *e-file* any Form W-2c correcting that form. If the original Form W-2 was permitted to be filed on paper and you filed on paper, then you must file on paper any Form W-2c correcting that form.

The SSA encourages all employers to *e-file*. E-filing can save you time and effort and helps ensure accuracy. The SSA's BSO website makes e-filing easy by providing two ways to submit your Form(s) W-2 or W-2c Copy A and Forms W-3 or W-3c information.

- If you need to file 50 or fewer Forms W-2 or 25 or fewer Forms W-2c at a time, you can use BSO to create them online. BSO guides you through the process of creating Form(s) W-2 or W-2c, saving and printing them, and submitting them to the SSA when you are ready. You do not have to wait until you have submitted Form(s) W-2 or W-2c to the SSA before printing copies for your employees. BSO generates Form W-3 or W-3c automatically based on your Form(s) W-2 or W-2c.
- If you need to file more than 50 Forms W-2 or more than 25 Forms W-2c, BSO's "file upload" feature might be the best e-filing method for your business or organization. To obtain file format specifications, visit the SSA's website at [SSA.gov/employer/EFW2&EFW2C.htm](https://www.ssa.gov/employer/EFW2&EFW2C.htm), and select the appropriate document. This information is also available by calling the SSA's Business Services Branch at 800-772-6270 (toll free).



If you e-file, do not file the same returns using paper forms.

For more information about e-filing Forms W-2 or W-2c and a link to the BSO website, visit the SSA's Employer W-2 Filing Instructions & Information website at [SSA.gov/employer](https://ssa.gov/employer).

In a few situations, reporting instructions vary depending on the filing method you choose. For example, you can include every type of box 12 amount in one employee wage record if you upload an electronic file. If you file on paper or create Forms W-2 online, you can include only four box 12 amounts per Form W-2. See the [TIP for Box 12—Codes](#) under *Specific Instructions for Form W-2*.

Waiver from e-filing. If you are required to e-file, you can request a waiver from this requirement by filing Form 8508, Application for a Waiver from Electronic Filing of Information Returns. Submit Form 8508 to the IRS at least 45 days before the due date of Form W-2, or 45 days before you file your first Form W-2c. See Form 8508 for information about filing this form.

Form 944. Use the "944" checkbox in box b of Form W-3 or Form W-3SS if you filed Form 944, Employer's ANNUAL Federal Tax Return. Also use the "944" checkbox if you filed Formulario 944 (sp), the Spanish-language version of Form 944.

Forms W-2 for U.S. territories. In these instructions, reference to Forms W-2 and W-3 includes Forms W-2AS, W-2CM, W-2GU, W-2VI, and W-3SS, unless otherwise noted. These instructions are not applicable to wage and tax statements for Puerto Rico. Form W-2AS is used to report American Samoa wages paid by American Samoa employers, Form W-2CM is used to report the Commonwealth of the Northern Mariana Islands (CNMI) wages paid by CNMI employers, Form W-2GU is used to report Guam wages paid by Guam employers, and Form W-2VI is used to report U.S. Virgin Islands (USVI) wages paid by USVI employers. Do not use these forms to report wages subject to U.S. income tax withholding. Instead, use Form W-2 to show U.S. income tax withheld. For employment-related information for employers with territory employees, see Pub. 15 (Circular E).

Military Spouses Residency Relief Act (MSRRA). You may be required to report wages and taxes on a form different from the form you generally use if an employee claims residence or domicile under MSRRA in a different jurisdiction in one of the 50 states, the District of Columbia, American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, Puerto Rico, or the U.S. Virgin Islands.

Under MSRRA, the spouse of an active duty servicemember (civilian spouse) may keep their prior residence or domicile for tax purposes (tax residence) when accompanying the servicemember spouse, who is relocating under military orders, to a new military duty station in one of the 50 states, the District of Columbia, or a U.S. territory.

For example, if a civilian spouse is working in Guam but properly claims tax residence in one of the 50 states under MSRRA, their income from services would not be

taxable income for Guam tax purposes. Federal income taxes should be withheld and remitted to the IRS. State and local income taxes may need to be withheld and remitted to state and local tax authorities. You should consult with state, local, or U.S. territory tax authorities regarding your withholding obligations under MSRRA.

However, for any taxable year of the marriage, the servicemember and the civilian spouse may elect to use the residence of the servicemember, the residence of the spouse, or the permanent duty station of the servicemember for purposes of taxation, regardless of the date on which the marriage of the spouse and the servicemember occurred.

In the previous example, the spouse would be allowed to elect to use the same residence as, or the permanent duty station of, the servicemember.

Nonqualified deferred compensation plans. You are not required to complete box 12 with code Y (Deferrals under a section 409A nonqualified deferred compensation plan). Section 409A provides that all amounts deferred under a nonqualified deferred compensation (NQDC) plan for all tax years are includible in gross income unless certain requirements are satisfied. See [Nonqualified deferred compensation plans](#) under *Special Reporting Situations for Form W-2* and the [Nonqualified Deferred Compensation Reporting Example Chart](#).

Reporting the cost of group health insurance coverage. You must report the cost of employer-sponsored health coverage in box 12 using code DD. However, transitional relief applies to certain employers and certain types of plans. For more information, see *Box 12—Codes* for [Code DD—Cost of employer-sponsored health coverage](#).

Severance payments. Severance payments are wages subject to social security and Medicare taxes. As noted in section 15 of Pub. 15 (Circular E), severance payments are also subject to income tax withholding and FUTA tax.

Substitute forms. You may use an acceptable substitute form instead of an official IRS form.

Form W-2. If you are not using the official IRS form to furnish Form W-2 to employees or to file with the SSA, you may use an acceptable substitute form that complies with the rules in Pub. 1141, General Rules and Specifications for Substitute Forms W-2 and W-3. Pub. 1141 is a revenue procedure that explains the requirements for format and content of substitute Forms W-2 and W-3. Your substitute forms must comply with the requirements in Pub. 1141.

Pub. 1141 prohibits advertising on Form W-2. You must not include advertising on any copy of Form W-2, including coupons providing discounts on tax preparation services attached to the employee copies. See Pub. 1141 for further information.

Form W-2c. If you are not using the official IRS form to furnish Form W-2c to employees or to file with the SSA, you may use an acceptable substitute form that complies with the rules in Pub. 1223, General Rules and Specifications for Substitute Forms W-2c and W-3c. Pub. 1223 is a revenue procedure that explains the requirements for format and content of substitute Forms

W-2c and W-3c. Your substitute forms must comply with the requirements in Pub. 1223.

Pub. 1223 prohibits advertising on Form W-2c. You must not include advertising on any copy of Form W-2c, including coupons providing discounts on tax preparation services attached to the employee copies. See Pub. 1223 for further information.

Need Help?

Help with e-filing. If you have questions about how to register or use BSO, call 800-772-6270 (toll free) to speak with an employer reporting technician at the SSA. The hours of operation are Monday through Friday from 7:00 a.m. to 5:30 p.m. Eastern time. If you experience problems using any of the services within BSO, call 888-772-2970 (toll free) to speak with a systems operator in technical support at the SSA. To speak with the SSA's Employer Services Liaison Officer (ESLO) for the U.S. Virgin Islands, call 212-264-3455 (not a toll-free number). For Guam, the Commonwealth of the Northern Mariana Islands, or American Samoa, call 510-970-8247 (not a toll-free number). For all other employers, contact the ESLO that services your region. For a complete telephone listing, visit the SSA's Employer W-2 Filing Instructions & Information website at [SSA.gov/employer/wage-reporting-specialists.htm](https://ssa.gov/employer/wage-reporting-specialists.htm).

Information reporting customer service site. The IRS operates a centralized customer service site to answer questions about reporting on Forms W-2, W-3, 1099, and other information returns. If you have questions about reporting on these forms, call the Technical Services Operation (TSO) toll free at 866-455-7438 or 304-263-8700 (not toll free). Deaf or hard-of-hearing customers may call any of our toll-free numbers using their choice of relay service.

Employment tax information. Detailed employment tax information is given in:

- Pub. 15 (Circular E), Employer's Tax Guide;
- Pub. 15-A, Employer's Supplemental Tax Guide;
- Pub. 15-B, Employer's Tax Guide to Fringe Benefits; and
- Pub. 15-T, Federal Income Tax Withholding Methods.

You can also call the IRS with your employment tax questions at 800-829-4933 or go to [IRS.gov/EmploymentTaxes](https://irs.gov/EmploymentTaxes).

How To Get Forms and Publications

Internet. You can access IRS.gov 24 hours a day, 7 days a week, to:

- Download, view, and order tax forms, instructions, and publications.
- Access commercial tax preparation and *e-file* services.
- Research your tax questions online.
- See answers to frequently asked tax questions.
- Search publications online by topic or keyword.
- View Internal Revenue Bulletins published in the last few years.
- Sign up to receive local and national tax news by email.

You can order forms, instructions, and publications at [IRS.gov/OrderForms](https://irs.gov/OrderForms). For any other tax information, go to [IRS.gov/Help/Tax-Law-Questions](https://irs.gov/Help/Tax-Law-Questions).



Do not print Copy A of Forms W-2, W-3, W-2c, or W-3c from IRS.gov and then file them with the SSA. The SSA accepts only e-filed reports and the official red-ink versions (or approved substitute versions) of these forms. For more information about acceptable substitute versions, see [Substitute forms](#). For information about e-filing, see [E-filing](#).

Common Errors on Forms W-2

Forms W-2 provide information to your employees, the SSA, the IRS, and state and local governments. Avoid making the following errors, which cause processing delays.

Do not:

- Download Copy A of Forms W-2, W-2AS, W-2GU, W-2VI, and W-3SS; or Form W-3 from IRS.gov and file with the SSA.
- Omit the decimal point and cents from entries.
- Make entries using ink that is too light. Use only black ink.
- Make entries that are too small or too large. Use 12-point Courier font, if possible.
- Add dollar signs to the money-amount boxes. They have been removed from Copy A and are not required.
- Inappropriately check the "Retirement plan" checkbox in box 13. See [Retirement plan](#).
- Misformat the employee's name in box e. Enter the employee's first name and middle initial in the first box, their surname in the second box, and their suffix (such as "Jr.") in the third box (optional).
- Enter the incorrect employer identification number (EIN) or the employee's SSN for the EIN.
- Cut, fold, or staple Copy A paper forms mailed to the SSA.
- Mail any other copy other than Copy A of Form W-2 to the SSA.

General Instructions for Forms W-2 and W-3

Who must file Form W-2. You must file Form(s) W-2 if you have one or more employees to whom you made payments (including noncash payments) for the employees' services in your trade or business during 2024.

Complete and file Form W-2 for each employee for whom any of the following applies (even if the employee is related to you).

- You withheld any income, social security, or Medicare tax from wages regardless of the amount of wages; or
- You would have had to withhold income tax if the employee had claimed no more than one withholding allowance (for 2019 or earlier Forms W-4) or had not claimed exemption from withholding on Form W-4; or
- You paid \$600 or more in wages even if you did not withhold any income, social security, or Medicare tax.

Only in very limited situations will you not have to file Form W-2. This may occur if you were not required to withhold any income tax, social security tax, or Medicare tax and you paid the employee less than \$600, such as for certain election workers and certain foreign agricultural

workers. See [Election workers](#) and [Foreign agricultural workers](#), later.

Unless otherwise noted, references to Medicare tax include Additional Medicare Tax.


If you are required to *e-file* Forms W-2 or want to take advantage of the benefits of e-filing, see [E-filing](#).

Who must file Form W-3. Anyone required to file Form W-2 must file Form W-3 to transmit Copy A of Forms W-2. Make a copy of Form W-3 and a copy of each Form W-2 Copy A (For SSA) to keep for your records for at least 4 years. Be sure to use Form W-3 for the correct year. If you are filing Forms W-2 electronically, also see [E-filing](#).

Household employers. Even employers with only one household employee must file Form W-3 to transmit Copy A of Form W-2. On Form W-3, check the “Hshld. emp.” checkbox in box b. For more information, see Schedule H (Form 1040), Household Employment Taxes, and its separate instructions. You must have an employer identification number (EIN). See [Box b—Employer identification number \(EIN\)](#).

Who may sign Form W-3. A transmitter or sender (including a service bureau, reporting agent, paying agent, or disbursing agent) may sign Form W-3 (or use its PIN to *e-file*) for the employer or payer only if the sender satisfies both of the following.

- It is authorized to sign by an agency agreement (whether oral, written, or implied) that is valid under state law; and
- It writes “For (name of payer)” next to the signature (paper Form W-3 only).

 **Use of a reporting agent or other third-party payroll service provider does not relieve an employer of the responsibility to ensure that Forms W-2 are furnished to employees and that Forms W-2 and W-3 are filed with the SSA, correctly and on time. See [Penalties](#) for more information.**

Be sure that the payer's name and EIN on Forms W-2 and W-3 are the same as those used on the Form 941, Employer's QUARTERLY Federal Tax Return; Form 943, Employer's Annual Federal Tax Return for Agricultural Employees; Form 944, Employer's ANNUAL Federal Tax Return; Form CT-1, Employer's Annual Railroad Retirement Tax Return; or Schedule H (Form 1040) filed by or for the payer.

When to file. Mail or electronically file Copy A of Form(s) W-2 and Form W-3 with the SSA by January 31, 2025. You may owe a penalty for each Form W-2 that you file late. See [Penalties](#). If you terminate your business, see [Terminating a business](#).

Extension of time to file Forms W-2 with the SSA. You may request only one extension of time to file Form W-2 with the SSA by submitting a complete application on Form 8809, Application for Extension of Time To File Information Returns. When completing the Form 8809, indicate that at least one of the criteria on the form and instructions for granting an extension applies. You must sign the application under penalties of perjury. Send the application to the address shown on Form 8809. You must request the extension before the due date of Forms W-2. If the IRS grants your request for extension, you will have an

additional 30 days to file. The IRS will grant extensions to file Forms W-2 only in limited cases for extraordinary circumstances or catastrophe, such as a natural disaster or fire destroying the books and records needed for filing the forms. No additional extension of time to file will be allowed. See Form 8809 for details.



Even if you request and are granted an extension of time to file Forms W-2, you must still furnish Forms W-2 to your employees by January 31, 2025. But see [Extension of time to furnish Forms W-2 to employees](#).

Where to file paper Forms W-2 and W-3. File Copy A of Form(s) W-2 with Form W-3 at the following address.

**Social Security Administration
Direct Operations Center
Wilkes-Barre, PA 18769-0001**



If you use “Certified Mail” to file, change the ZIP code to “18769-0002.” If you use an IRS-approved private delivery service, add “Attn: W-2 Process, 1150 E. Mountain Dr.” to the address and change the ZIP code to “18702-7997.” Go to [IRS.gov/PDS](#) for a list of IRS-approved private delivery services.



Do not send cash, checks, money orders, or other forms of payment with the Forms W-2 and W-3 that you submit to the SSA. Employment tax forms (for example, Form 941 or Form 943), remittances, and Forms 1099 must be sent to the IRS.

Copy 1. Send Copy 1 of Form W-2, if required, to your state, city, or local tax department. For more information concerning Copy 1 (including how to complete boxes 15 through 20), contact your state, city, or local tax department.

American Samoa. File Copy 1 of Form W-3SS and Forms W-2AS at the following address.

**American Samoa Tax Office
Executive Office Building
First Floor
Pago Pago, AS 96799**

Guam. File Copy 1 of Form W-3SS and Forms W-2GU at the following address.

**Guam Department of Revenue and Taxation
P.O. Box 23607
Barrigada, GU 96921**

For additional information about Form W-2GU, see [GuamTax.com](#).

U.S. Virgin Islands. File Copy 1 of Form W-3SS and Forms W-2VI at the following address.

**Virgin Islands Bureau of Internal Revenue
6115 Estate Smith Bay
Suite 225
St. Thomas, VI 00802**

For additional information about Form W-2VI, see BIR.VI.gov.

Commonwealth of the Northern Mariana Islands.
File Form OS-3710 and Copy 1 of Forms W-2CM at the following address.

**Division of Revenue and Taxation
Commonwealth of the Northern Mariana Islands
P.O. Box 5234 CHR
Saipan, MP 96950**

Forms OS-3710 and W-2CM are not IRS forms. For additional information about Form W-2CM, see Finance.gov.mp/forms.php.

Shipping and mailing. If you file more than one type of employment tax form, group Forms W-2 of the same type with a separate Form W-3 for each type, and send them in separate groups. See the specific instructions for [Box b—Kind of Payer](#) and [Box b—Kind of Employer](#) in *Specific Instructions for Form W-3*.

Prepare and file Forms W-2 either alphabetically by employees' last names or numerically by employees' social security numbers. Do not staple or tape Form W-3 to the related Forms W-2 or Forms W-2 to each other. These forms are machine read. Staple holes or tears interfere with machine reading. Also do not fold Forms W-2 and W-3. Send the forms to the SSA in a flat mailing.

Furnishing Copies B, C, and 2 to employees.

Generally, you must furnish Copies B, C, and 2 of Form W-2 to your employees by January 31, 2025. You will meet the "furnish" requirement if the form is properly addressed and mailed on or before the due date.

If employment ends before December 31, 2024, you may furnish copies to the employee at any time after employment ends, but no later than January 31, 2025. If an employee asks for Form W-2, give them the completed copies within 30 days of the request or within 30 days of the final wage payment, whichever is later. However, if you terminate your business, see [Terminating a business](#).

You may furnish Forms W-2 to employees on IRS official forms or on acceptable substitute forms. See [Substitute forms](#). Be sure the Forms W-2 you provide to employees are clear and legible and comply with the requirements in Pub. 1141.

Forms W-2 that include logos, slogans, and advertisements (including advertisements for tax preparation software) may be considered as suspicious or altered Forms W-2 (also known as "questionable Forms W-2"). An employee may not recognize the importance of the employee copy for tax reporting purposes due to the use of logos, slogans, and advertisements. Therefore, the IRS has determined that logos, slogans, and advertising will not be allowed on Forms W-3, Copy A of Forms W-2, or any employee copies reporting wages paid. Limited exceptions on this prohibition exist with respect to employee copies. See Pub. 1141 for more information.

Extension of time to furnish Forms W-2 to employees. You may request an extension of time to furnish Forms W-2 to employees by faxing a letter to:

Internal Revenue Service Technical Services Operation

**Attn: Extension of Time Coordinator
Fax: 877-477-0572 (International Fax:
304-579-4105)**

Fax your letter on or before the due date for furnishing Forms W-2 to employees. It must include:

- Your name and address,
- Your EIN,
- A statement that you are requesting an extension to furnish "Forms W-2" to employees,
- The reason for delay, and
- Your signature or that of your authorized agent.

See the 2024 General Instructions for Certain Information Returns.



Requests for an extension of time to furnish Forms W-2 to employees are not automatically granted. If approved, an extension will generally be granted for no more than 15 days from the due date, unless the need for up to a total of 30 days is clearly shown.

Undeliverable Forms W-2. Keep for 4 years any employee copies of Forms W-2 that you tried to but could not deliver. However, if the undelivered Form W-2 can be produced electronically through April 15th of the fourth year after the year at issue, you do not need to keep undeliverable employee copies. Do not send undeliverable employee copies of Forms W-2 to the Social Security Administration (SSA).

Taxpayer identification numbers (TINs). Employers use an employer identification number (EIN) (XX-XXXXXXX). Employees use a social security number (SSN) (XXX-XX-XXXX). When you list a number, separate the 9 digits properly to show the kind of number.

Do not accept an IRS individual taxpayer identification number (ITIN) in place of an SSN for employee identification or for Form W-2 reporting. An ITIN is available only to resident and nonresident aliens who are not eligible for U.S. employment and need identification for other tax purposes. You can identify an ITIN because it is a 9-digit number formatted like an SSN beginning with the number "9" and with a number in one of the following ranges in the fourth and fifth digits: 50–65, 70–88, 90–92, and 94–99 (for example, 9NN-70-NNNN). Do not auto populate an ITIN into box a, Employee's social security number, on Form W-2. See section 4 of Pub. 15 (Circular E).



An individual with an ITIN who later becomes eligible to work in the United States must obtain an SSN from the Social Security Administration.

The IRS uses SSNs to check the payments that you report against the amounts shown on employees' tax returns. The SSA uses SSNs to record employees' earnings for future social security and Medicare benefits. When you prepare Form W-2, be sure to show the correct SSN for each employee. You may truncate the employee's SSN on employee copies of Forms W-2. Do not truncate an employee's SSN on Copy A of Forms W-2. Go to [Social security numbers](#), earlier, for more information. Also see Regulations section 31.6051-1(a)(1)(i)(B) and

31.6051-2(a). For information about verifying SSNs, see section 4 of Pub. 15 (Circular E) or visit the SSA's Employer W-2 Filing Instructions & Information website at [SSA.gov/employer](https://ssa.gov/employer).



Form W-2 e-filed with the SSA must contain the employer's complete EIN and the complete SSN of the employee. Do not truncate EINs or SSNs on Copy A.

Special Reporting Situations for Form W-2

Adoption benefits. Amounts paid or expenses incurred by an employer for qualified adoption expenses under an adoption assistance program are not subject to federal income tax withholding and are not reportable in box 1. However, these amounts (including adoption benefits paid from a section 125 (cafeteria) plan, but not including adoption benefits forfeited from a cafeteria plan) are subject to social security, Medicare, and railroad retirement taxes and must be reported in boxes 3 and 5. (Use box 14 if railroad retirement taxes apply.) Also, the total amount, including any amount in excess of the \$16,810 exclusion, must be reported in box 12 with code T. For more information on reporting adoption benefits in box 12, see [Code T—Adoption benefits](#), later.

For more information on adoption benefits, see Notice 97-9, 1997-1 C.B. 365, which is on page 35 of Internal Revenue Bulletin 1997-2 at [IRS.gov/pub/irs-irbs/irb97-02.pdf](https://irs.gov/pub/irs-irbs/irb97-02.pdf). Advise your employees to see the Instructions for Form 8839, Qualified Adoption Expenses.

Agent reporting. An agent who has an approved Form 2678, Employer/Payer Appointment of Agent, should enter the following in box c of Form W-2.

(Name of agent)
Agent for (name of employer)
Address of agent

Each Form W-2 should reflect the EIN of the agent in box b. An agent files one Form W-3 for all of the Forms W-2 and enters its own information in boxes e, f, and g of Form W-3 as it appears on the agent's related employment tax returns (for example, Form 941). Enter the client-employer's EIN in box h of Form W-3 if the Forms W-2 relate to only one employer (other than the agent); if not, leave box h blank.

If the agent (a) is acting as an agent for two or more employers or is an employer and is acting as an agent for another employer, and (b) pays social security wages to an individual on behalf of more than one employer, the agent should file separate Forms W-2 for the affected employee reflecting the wages paid by each employer.

See Rev. Proc. 2013-39, 2013-52 I.R.B. 830, available at [IRS.gov/irb/2013-52_IRB#RP-2013-39](https://irs.gov/irb/2013-52_IRB#RP-2013-39) and the Form 2678 instructions for procedures to be followed in applying to be an agent.



Generally, an agent is not responsible for refunding excess social security or railroad retirement (RRTA) tax withheld from employees. If an employee worked for more than one employer during

2024 and had more than \$10,453.20 in social security and/or Tier 1 RRTA tax withheld, they should claim the excess on the appropriate line of Form 1040, 1040-SR, or 1040-NR. If an employee had more than \$6,129.90 in Tier 2 RRTA tax withheld from more than one employer, the employee should claim a refund on Form 843, Claim for Refund and Request for Abatement.

Archer MSA. An employer's contribution to an employee's Archer MSA is not subject to federal income tax withholding or social security, Medicare, or railroad retirement taxes if it is reasonable to believe at the time of the payment that the contribution will be excludable from the employee's income. However, if it is not reasonable to believe at the time of payment that the contribution will be excludable from the employee's income, employer contributions are subject to income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable) and must be reported in boxes 1, 3, and 5. (Use box 14 if railroad retirement taxes apply.)

You must report all employer contributions to an Archer MSA in box 12 of Form W-2 with code R. Employer contributions to an Archer MSA that are not excludable from the income of the employee must also be reported in boxes 1, 3, and 5 (box 14 if railroad retirement taxes apply).

An employee's contributions to an Archer MSA are includible in income as wages and are subject to federal income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable). Employee contributions are deductible, within limits, on the employee's Form 1040 or 1040-SR.

For more information, see Pub. 969, Health Savings Accounts and Other Tax-Favored Health Plans, and Notice 96-53, which is found on page 5 of Internal Revenue Bulletin 1996-51 at [IRS.gov/pub/irs-irbs/irb96-51.pdf](https://irs.gov/pub/irs-irbs/irb96-51.pdf).

Clergy and religious workers. For certain members of the clergy and religious workers who are not subject to social security and Medicare taxes as employees, boxes 3 and 5 of Form W-2 should be left blank. You may include a minister's parsonage and/or utilities allowance in box 14. For information on the rules that apply to ministers and certain other religious workers, see Pub. 517, Social Security and Other Information for Members of the Clergy and Religious Workers and section 4 in Pub. 15-A.

Deceased employee's wages. If an employee dies during the year, you must report the accrued wages, vacation pay, and other compensation paid after the date of death. Also report wages that were available to the employee while they were alive, regardless of whether they were actually in the possession of the employee, as well as any other regular wage payment, even if you may have to reissue the payment in the name of the estate or beneficiary.

If you made the payment after the employee's death but in the same year the employee died, you must withhold social security and Medicare taxes on the payment and report the payment on the employee's Form W-2 only as social security and Medicare wages to ensure proper social security and Medicare credit is received. On the

employee's Form W-2, show the payment as social security wages (box 3) and Medicare wages and tips (box 5) and the social security and Medicare taxes withheld in boxes 4 and 6. Do not show the payment in box 1.

If you made the payment after the year of death, do not report it on Form W-2, and do not withhold social security and Medicare taxes.

Whether the payment is made in the year of death or after the year of death, you must also report it in box 3 of Form 1099-MISC, Miscellaneous Information, for the payment to the estate or beneficiary. Use the name and taxpayer identification number (TIN) of the payment recipient on Form 1099-MISC. However, if the payment is a reissuance of wages that were constructively received by the deceased individual while they were still alive, do not report it on Form 1099-MISC.

Example. Before Sam's death on June 15, 2024, Sam was employed and received \$10,000 in wages on which federal income tax of \$1,500 was withheld. When Sam died, Sam's employer owed Sam \$2,000 in wages and \$1,000 in accrued vacation pay. The total of \$3,000 (less the social security and Medicare taxes withheld) was paid to Sam's estate on July 20, 2024. Because Sam's employer made the payment during the year of death, the employer must withhold social security and Medicare taxes on the \$3,000 payment and must complete Form W-2 as follows.

- Box a— Sam's SSN
- Box e— Sam's name
- Box f— Sam's address
- Box 1— 10000.00 (does not include the \$3,000 accrued wages and vacation pay)
- Box 2— 1500.00
- Box 3— 13000.00 (includes the \$3,000 accrued wages and vacation pay)
- Box 4— 806.00 (6.2% of the amount in box 3)
- Box 5— 13000.00 (includes the \$3,000 accrued wages and vacation pay)
- Box 6— 188.50 (1.45% of the amount in box 5)



Sam's employer must also complete Form 1099-MISC as follows.

- *Boxes for recipient's name, address, and TIN—the estate's or beneficiary's name, address, and TIN.*
- *Box 3: 3000.00 (Even though amounts were withheld for social security and Medicare taxes, the gross amount is reported here.)*

If Sam's employer made the payment after the year of death, the \$3,000 would not be subject to social security and Medicare taxes and would not be shown on Form W-2. However, the employer would still file Form 1099-MISC.

De minimis financial incentives. De minimis financial incentives (not paid for with or derived from plan assets) may be provided to employees who elect to have the employer make contributions under a 401(k) cash or deferred arrangement or elect to have the employer make contributions pursuant to a salary reduction agreement under a 403(b) plan.

A de minimis financial incentive cannot exceed \$250 in value for an employee and it may only be offered to employees who do not have already in effect an election to have such salary deferral or salary reduction contributions made on their behalf.

If an employer provides a de minimis financial incentive to an employee, that incentive is included in the employee's wages and subject to applicable withholding requirements unless an exception applies. See Q&A D-1 through D-6 of Notice 2024-2, 2024-2 I.R.B. 316, at [IRS.gov/irb/2024-02_IRB#NOT-2024-2](https://www.irs.gov/irb/2024-02_IRB#NOT-2024-2), for additional guidance on de minimis financial incentives.

Designated Roth contributions. Under section 402A, a participant in a section 401(k) plan, under a 403(b) salary reduction agreement, or in a governmental 457(b) plan that includes a qualified Roth contribution program, may elect to make designated Roth contributions to the plan or program in lieu of elective deferrals.

Employee contributions to a pension-linked emergency savings account (a special designated Roth account) in a defined contribution plan are also designated Roth contributions. See section 402A(e) for more information about pension-linked emergency savings accounts.

Designated Roth contributions are subject to federal income tax withholding and social security and Medicare taxes (and railroad retirement taxes, if applicable) and must be reported in boxes 1, 3, and 5. (Use box 14 if railroad retirement taxes apply.)

Section 402A requires separate reporting of the yearly designated Roth contributions. Designated Roth contributions to 401(k) plans will be reported using code AA in box 12; designated Roth contributions under 403(b) salary reduction agreements will be reported using code BB in box 12; and designated Roth contributions under a governmental section 457(b) plan will be reported using code EE in box 12. Also include designated Roth contributions to a pension-linked emergency savings account in box 12. For reporting instructions, see the box 12 instructions for [Code AA—Designated Roth contributions under a section 401\(k\) plan](#), [Code BB—Designated Roth contributions under a section 403\(b\) plan](#), and [Code EE—Designated Roth contributions under a governmental section 457\(b\) plan](#).

A participant in a plan that includes a qualified Roth contribution program may also be permitted to designate certain nonelective contributions or matching contributions as Roth contributions. However, the reporting instructions that apply to designated Roth contributions (which are made in lieu of elective deferrals) do not apply to designated Roth nonelective contributions or designated Roth matching contributions. Instead, those contributions must be reported on Form 1099-R. See Q&A L-9 of Notice 2024-2, 2024-2 I.R.B. 316, available at [IRS.gov/irb/2024-02_IRB#NOT-2024-2](https://www.irs.gov/irb/2024-02_IRB#NOT-2024-2).

Educational assistance programs. Employer-provided educational assistance up to a maximum of \$5,250 is excludable from an employee's wages only if assistance is provided under an educational assistance program under section 127. See Pub. 970, Tax Benefits for Education, and section 2 of Pub. 15-B for more information. Also see [Box 1—Wages, tips, other compensation](#).

Election workers. Report on Form W-2 payments of \$600 or more to election workers for services performed in state, county, and municipal elections. File Form W-2 for payments of less than \$600 paid to election workers if social security and Medicare taxes were withheld under a section 218 (Social Security Act) agreement. Do not report election worker payments on Form 1099-MISC.

If the election worker is employed in another capacity with the same government entity, see Rev. Rul. 2000-6, which is on page 512 of Internal Revenue Bulletin 2000-6 at [IRS.gov/pub/irs-irbs/irb00-06.pdf](https://www.irs.gov/pub/irs-irbs/irb00-06.pdf).

Employee business expense reimbursements.

Reimbursements to employees for business expenses must be reported as follows.

- Generally, payments made under an accountable plan are excluded from the employee's gross income and are not reported on Form W-2. However, if you pay a per diem or mileage allowance and the amount paid for substantiated miles or days traveled exceeds the amount treated as substantiated under IRS rules, you must report as wages on Form W-2 the amount in excess of the amount treated as substantiated. The excess amount is subject to income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable). Report the amount treated as substantiated (that is, the nontaxable portion) in box 12 using code L. See the box 12 instructions for [Code L—Substantiated employee business expense reimbursements](#). (Use box 14 if railroad retirement taxes apply.)
- Payments made under a nonaccountable plan are reported as wages on Form W-2 and are subject to federal income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable). (Use box 14 if railroad retirement taxes apply.)

For more information on accountable plans, nonaccountable plans, amounts treated as substantiated under a per diem or mileage allowance, the standard mileage rate, the per diem substantiation method, and the high-low substantiation method, see Pub. 463, Travel, Gift, and Car Expenses; and section 5 of Pub. 15 (Circular E).

Employee's social security and Medicare taxes (or railroad retirement taxes, if applicable) paid by employer. If you paid your employee's share of social security and Medicare taxes rather than deducting them from the employee's wages, you must include these payments as wages subject to federal (or American Samoa, CNMI, Guam, or U.S. Virgin Islands) income tax withholding and social security, Medicare, and federal unemployment (FUTA) taxes. If you paid your employee's share of railroad retirement taxes, you must include these amounts as compensation subject to railroad retirement taxes. The amount to include as wages and/or compensation is determined by using the formula contained in the discussion of *Employee's Portion of Taxes Paid by Employer* in section 7 of Pub. 15-A and in Rev. Proc. 83-43, 1983-24 I.R.B. 60.



This does not apply to household and agricultural employers. If you pay a household or agricultural employee's social security and Medicare taxes, you must include these payments in the employee's wages for income tax withholding purposes. However, the

wage increase due to the tax payments is not subject to social security, Medicare, or FUTA taxes. For information on completing Forms W-2 and W-3 in this situation, see the Instructions for Schedule H (Form 1040) and the discussion of Household and agricultural employers in section 9 of Pub. 15 (Circular E).

Federal employers in the CNMI. The U.S. Treasury Department and the CNMI Division of Revenue and Taxation entered into an agreement under 5 U.S.C. section 5517 ("5517 agreement") in December 2006. Under this agreement, all federal employers (including the Department of Defense) are required to withhold CNMI income taxes, rather than federal income taxes, and deposit the CNMI taxes with the CNMI Treasury for employees who are subject to CNMI taxes and whose regular place of federal employment is in the CNMI. Federal employers are also required to file quarterly and annual reports with the CNMI Division of Revenue and Taxation. For questions, contact the CNMI Division of Revenue and Taxation.

Federal employers may use Form W-2 (rather than Forms W-2CM or OS-3710) to report income taxes withheld and paid to CNMI, as well as to report social security and Medicare taxes. Use the state boxes 15, 16, and 17 for CNMI income tax reporting. See the instructions for boxes 15, 16, and 17 under [Boxes 15 through 20—State and local income tax information](#), later. This rule applies only to income tax reporting. Federal employers should withhold and report social security and Medicare taxes for these employees in the same way as for other federal employees. For more information, including special rules for Armed Forces members, go to [IRS.gov/5517Agreements](https://www.irs.gov/5517Agreements).

Foreign agricultural workers. You must report compensation of \$600 or more paid in a calendar year to an H-2A visa agricultural worker for agricultural labor. If the H-2A visa agricultural worker furnishes a valid taxpayer identification number, report these payments in box 1 of Form W-2. If the worker does not furnish a valid taxpayer identification number, report the payments on Form 1099-MISC. See [Form 1099-MISC](#) next.

On Form W-2, no amount should be reported in box 3 or 5. In most cases, you do not need to withhold federal income tax from compensation paid to H-2A visa agricultural workers. Employers should withhold federal income tax only if the H-2A visa agricultural worker and the employer agree to withhold. The H-2A visa agricultural worker must provide a completed Form W-4. If the employer withholds income tax, the employer must report the tax withheld in box 2 of Form W-2 and on line 8 of Form 943. See Pub. 15 (Circular E).

Form 1099-MISC. If the H-2A visa agricultural worker fails to furnish a taxpayer identification number to the employer, and the total annual payments made to the H-2A visa agricultural worker are \$600 or more, the employer must begin backup withholding on the payments made until the H-2A visa agricultural worker furnishes a valid taxpayer identification number. Employers must report the compensation paid and any backup withholding on Forms 1099-MISC and Form 945, Annual Return of Withheld Federal Income Tax. See the current Instructions

for Forms 1099-MISC and 1099-NEC and the current Instructions for Form 945.

For more information, go to [IRS.gov/H2A](https://www.irs.gov/H2A).

Fringe benefits. Include all taxable fringe benefits in box 1 of Form W-2 as wages, tips, and other compensation and, if applicable, in boxes 3 and 5 as social security and Medicare wages. Although not required, you may include the total value of fringe benefits in box 14 (or on a separate statement). However, if you provided your employee a vehicle, you must include the value of any personal use in boxes 1, 3, and 5 of Form W-2. You must withhold social security and Medicare tax, but you have the option not to withhold federal income tax **if** you notify the employee and include the value of the benefit in boxes 1, 3, 5, and 14. See Pub. 15-B for more information.



The Tax Cuts and Jobs Act of 2017, Public Law 115-97, section 11045, does not permit employees to deduct unreimbursed employee business expenses for tax years 2018 through 2025. If you included 100% of the vehicle's annual lease value in the employee's income, the employee will not be able to deduct expenses attributable to the business use of an employer-provided vehicle.

Golden parachute payments (not applicable to Forms W-2AS, W-2CM, W-2GU, or W-2VI). Include any golden parachute payments in boxes 1, 3, and 5 of Form W-2. Withhold federal income, social security, and Medicare taxes (or railroad retirement taxes, if applicable) as usual and report them in boxes 2, 4, and 6, respectively. (Use box 14 if railroad retirement taxes apply.) Excess parachute payments are also subject to a 20% excise tax. If the excess payments are considered wages, withhold the 20% excise tax and include it in box 2 as income tax withheld. Also report the excise tax in box 12 with code K. For definitions and additional information, see Regulations section 1.280G-1 and Rev. Proc. 2003-68, 2003-34 I.R.B. 398, available at [IRS.gov/irb/2003-34_IRB#RP-2003-68](https://www.irs.gov/irb/2003-34_IRB#RP-2003-68).

Government employers. Federal, state, and local governmental agencies have two options for reporting their employees' wages that are subject to only Medicare tax for part of the year and both social security and Medicare taxes for part of the year.

The first option (which the SSA prefers) is to file a single set of Forms W-2 per employee for the entire year, even if only part of the year's wages are subject to both social security and Medicare taxes. Check "941" (or "944") in box b of Form W-3 or Form W-3SS. The wages in box 5 of Form W-2 must be equal to or greater than the wages in box 3 of Form W-2.

The second option is to file one set of Forms W-2 for wages subject only to Medicare tax and another set for wages subject to both social security and Medicare taxes. Use a separate Form W-3 to transmit each set of Forms W-2. For the Medicare-only Forms W-2, check "Medicare gov. emp." in box b of Form W-3. For the Forms W-2 showing wages subject to both social security and Medicare taxes, check "941" (or "944") in box b of Form W-3 or Form W-3SS. The wages in box 5 of Form W-2

must be equal to or greater than the wages in box 3 of Form W-2.

Group-term life insurance. You must include in boxes 1, 3, and 5 (or 14, if railroad retirement taxes apply) the cost of group-term life insurance that is more than the cost of \$50,000 of coverage, reduced by the amount the employee paid toward the insurance. Use Table 2-2 in Pub. 15-B to determine the cost of the insurance. Also show the amount in box 12 with code C. For employees, you must withhold social security and Medicare taxes, but not federal income tax. For coverage provided to former employees, the former employees must pay the employee part of social security and Medicare taxes (or railroad retirement taxes, if applicable) on the taxable cost of group-term life insurance over \$50,000 on Form 1040 or 1040-SR. You are not required to collect those taxes. However, you must report the uncollected social security tax (or railroad retirement taxes, if applicable) with code M and the uncollected Medicare tax (or RRTA Medicare tax, if applicable) with code N in box 12 of Form W-2. However, any uncollected Additional Medicare Tax (on the cost of group-term life insurance, which, in combination with other wages, is in excess of \$200,000) is not reported with code N in box 12.

Health flexible spending arrangement (FSA). For plan year 2024, a cafeteria plan may not allow an employee to request salary reduction contributions for a health FSA in excess of \$3,200 (as indexed for inflation).

If a cafeteria plan timely complies with the written plan requirement limiting health FSA salary reduction contributions, but one or more employees are erroneously allowed to elect a salary reduction of more than \$3,200 for the plan year, the cafeteria plan will continue to be a section 125 cafeteria plan for the plan year if:

- The terms of the plan apply uniformly to all participants,
- The error results from a reasonable mistake by the employer (or the employer's agent) and is not due to willful neglect by the employer (or the employer's agent), and
- Salary reduction contributions in excess of \$3,200 are paid to the employee and reported as wages for income tax withholding and employment tax purposes on the employee's Form W-2 (or Form W-2c) for the employee's taxable year in which, or with which, ends the cafeteria plan year in which the correction is made.



The salary reduction contribution limit of \$3,200 does not include any amount (up to \$640) carried over from a previous year.

For more information, see Notice 2013-71, 2013-47 I.R.B. 532, available at [IRS.gov/irb/2013-47_IRB#NOT-2013-71](https://www.irs.gov/irb/2013-47_IRB#NOT-2013-71).

Health savings account (HSA). An employer's contribution (including an employee's contributions through a cafeteria plan) to an employee's HSA is not subject to federal income tax withholding or social security, Medicare, or railroad retirement taxes (or FUTA tax) if it is reasonable to believe at the time of the payment that the contribution will be excludable from the employee's income. However, if it is not reasonable to believe at the time of payment that the contribution will be excludable from the employee's income, employer contributions are subject to federal income tax

withholding, social security and Medicare taxes (or railroad retirement taxes, if applicable), and FUTA tax, and must be reported in boxes 1, 3, and 5 (use box 14 if railroad retirement taxes apply); and on Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return.

You must report all employer contributions (including an employee's contributions through a cafeteria plan) to an HSA in box 12 of Form W-2 with code W. Employer contributions to an HSA that are not excludable from the income of the employee must also be reported in boxes 1, 3, and 5. (Use box 14 if railroad retirement taxes apply.)

An employee's contributions to an HSA (unless made through a cafeteria plan) are includible in income as wages and are subject to federal income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable). Employee contributions are deductible, within limits, on the employee's Form 1040 or 1040-SR. For more information about HSAs, see Notice 2004-2, Notice 2004-50, and Notice 2008-52. Notice 2004-2, 2004-2 I.R.B. 269, is available at [IRS.gov/irb/2004-02_IRB#NOT-2004-2](https://www.irs.gov/irb/2004-02_IRB#NOT-2004-2). Notice 2004-50, 2004-33 I.R.B. 196, is available at [IRS.gov/irb/2004-33_IRB#NOT-2004-50](https://www.irs.gov/irb/2004-33_IRB#NOT-2004-50). Notice 2008-52, 2008-25 I.R.B. 1166, is available at [IRS.gov/irb/2008-25_IRB#NOT-2008-52](https://www.irs.gov/irb/2008-25_IRB#NOT-2008-52). Also see Form 8889, Health Savings Accounts (HSAs), and Pub. 969.

Lost Form W-2—Reissued statement. If an employee loses a Form W-2, write "REISSUED STATEMENT" on the new copy and furnish it to the employee. You do not have to add "REISSUED STATEMENT" on Forms W-2 provided to employees electronically. Do not send Copy A of the reissued Form W-2 to the SSA. Employers are not prohibited (by the Internal Revenue Code) from charging a fee for the issuance of a duplicate Form W-2.

Military differential pay. Employers paying their employees while they are on active duty in the U.S. uniformed services should treat these payments as wages. Differential wage payments made to an individual while on active duty for periods scheduled to exceed 30 days are subject to income tax withholding, but are not subject to social security, Medicare, and unemployment taxes. Report differential wage payments in box 1 and any federal income tax withholding in box 2. Differential wage payments made to an individual while on active duty for 30 days or less are subject to income tax withholding, social security, Medicare, and unemployment taxes and are reported in boxes 1, 3, and 5. See Rev. Rul. 2009-11, 2009-18 I.R.B. 896, available at [IRS.gov/irb/2009-18_IRB#RR-2009-11](https://www.irs.gov/irb/2009-18_IRB#RR-2009-11).

Moving expenses. Effective for tax years 2018 through 2025, the exclusion for qualified moving expense reimbursements applies **only** to members of the U.S. Armed Forces on active duty who move pursuant to a military order and incident to a permanent change of station. All other employees have only nonqualified moving expenses and expense reimbursements subject to tax and withholding.

Report qualified moving expenses for members of the Armed Forces as follows.

- Qualified moving expenses that an employer paid to a third party on behalf of the employee (for example, to a moving company), and services that an employer furnished in kind to an employee, are not reported on Form W-2.
- Qualified moving expense reimbursements paid directly to an employee by an employer are reported only in box 12 of Form W-2 with code P.

Nonqualified moving expenses and expense reimbursements are reported in boxes 1, 3, and 5 (use box 14 if railroad retirement taxes apply) of Form W-2. These amounts are subject to federal income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable).

Nonqualified deferred compensation plans. Section 409A provides that all amounts deferred under a nonqualified deferred compensation (NQDC) plan for all tax years are currently includible in gross income to the extent not subject to a substantial risk of forfeiture and not previously included in gross income, unless certain requirements are met. Generally, section 409A is effective with respect to amounts deferred in tax years beginning after December 31, 2004, but deferrals made before that year may be subject to section 409A under some circumstances.

It is not necessary to show amounts deferred during the year under an NQDC plan subject to section 409A. If you report section 409A deferrals, show the amount in box 12 using code Y. For more information, see Notice 2008-115, 2008-52 I.R.B. 1367, available at [IRS.gov/irb/2008-52_IRB#NOT-2008-115](https://www.irs.gov/irb/2008-52_IRB#NOT-2008-115).

Income included under section 409A from an NQDC plan will be reported in box 1 and in box 12 using code Z. This income is also subject to an additional tax of 20% that is reported on Form 1040 or 1040-SR. For more information on amounts includible in gross income and reporting requirements, see Notice 2008-115, available at [IRS.gov/irb/2008-52_IRB#NOT-2008-115](https://www.irs.gov/irb/2008-52_IRB#NOT-2008-115). For information on correcting failures to comply with section 409A and related reporting, see Notice 2008-113, 2008-51 I.R.B. 1305, available at [IRS.gov/irb/2008-51_IRB#NOT-2008-113](https://www.irs.gov/irb/2008-51_IRB#NOT-2008-113); Notice 2010-6, 2010-3 I.R.B. 275, available at [IRS.gov/irb/2010-03_IRB#NOT-2010-6](https://www.irs.gov/irb/2010-03_IRB#NOT-2010-6); and Notice 2010-80, 2010-51 I.R.B. 853, available at [IRS.gov/irb/2010-51_IRB#NOT-2010-80](https://www.irs.gov/irb/2010-51_IRB#NOT-2010-80).

See the [Nonqualified Deferred Compensation Reporting Example Chart](#).

Qualified equity grants under section 83(i). Report the amount includible in gross income from qualified equity grants under section 83(i)(1)(A) for the calendar year in box 12 using code GG. This amount is wages for box 1 and you must withhold income tax under section 3401(i) at the rate and manner prescribed in section 3401(t). You must withhold at the maximum rate of tax without regard to the employee's Form W-4. Social security and Medicare taxation of the deferral stock is not affected by these rules. See Notice 2018-97, 2018-52 I.R.B. 1062, available at [IRS.gov/irb/2018-52_IRB#NOT-2018-97](https://www.irs.gov/irb/2018-52_IRB#NOT-2018-97).

Qualified small employer health reimbursement arrangement. Use box 12, code FF, to report the total amount of permitted benefits under a qualified small employer health reimbursement arrangement (QSEHRA). QSEHRAs allow eligible employers to pay or reimburse medical care expenses of eligible employees after the employees provide proof of coverage. The maximum reimbursement for an eligible employee under a QSEHRA for 2024 is \$6,150 (\$12,450 if it also provides reimbursements for family members). For more information about QSEHRAs, see Notice 2017-67, 2017-47 I.R.B. 517, available at [IRS.gov/irb/2017-47_IRB#NOT-2017-67](https://www.irs.gov/irb/2017-47_IRB#NOT-2017-67) and Pub. 15-B under *Accident and Health Benefits*. For information on employer reporting requirements, see [Code FF—Permitted benefits under a qualified small employer health reimbursement](#), later.

Railroad employers (not applicable to Forms W-2AS, W-2CM, W-2GU, or W-2VI). Railroad employers must file Form W-2 to report their employees' wages and income tax withholding in boxes 1 and 2. You must file a separate Form W-3 to transmit the Forms W-2 if you have employees covered under the Federal Insurance Contributions Act (FICA) (social security and Medicare) and the Railroad Retirement Tax Act (RRTA).

For employees covered by RRTA tax. Check the "CT-1" checkbox on Form W-3, box b, "Kind of Payer," to transmit Forms W-2 for employees with box 1 wages and box 2 tax withholding. Use Form W-2, box 14, to report total RRTA compensation, Tier 1, Tier 2, Medicare (excluding Additional Medicare Tax), and any Additional Medicare Tax withheld for each employee covered by RRTA tax. Label them "RRTA compensation," "Tier 1 tax," "Tier 2 tax," "Medicare tax," and "Additional Medicare Tax." Include tips reported by the employee to the employer in "RRTA compensation."

Employers should withhold Tier 1 and Tier 2 RRTA taxes on all money remuneration that stems from the employer–employee relationship, including award payments to employees to compensate for working time lost due to an on-the-job injury and lump-sum payments made to unionized employees upon ratification of collective bargaining agreements.

Employee stock options are not "money remuneration" subject to the RRTA. Railroad employers should not withhold Tier 1 and Tier 2 taxes when employees covered by the RRTA exercise stock options. Employers should still withhold federal income tax on taxable compensation from railroad employees exercising their stock options.

For employees covered by social security and Medicare. Check the "941" checkbox on Form W-3, box b, "Kind of Payer," to transmit Forms W-2 with box 1 wages and box 2 tax withholding for employees covered by social security and Medicare. Use Form W-2, boxes 3, 4, 5, 6, and 7, to report each employee's social security and Medicare wages and taxes, including Additional Medicare Tax. These boxes are **not** to be used to report railroad retirement compensation and taxes.



Railroad employers must withhold social security and Medicare taxes from taxable compensation of employees covered by social security and Medicare who are exercising their employee stock options.

Repayments. If an employee repays you for wages received in error, do not offset the repayments against current year wages unless the repayments are for amounts received in error in the current year. Repayments made in the current year, but related to a prior year or years, must be repaid in gross, not net, and require special tax treatment by employees in some cases. You may advise the employee of the total repayments made during the current year and the amount (if any) related to prior years. This information will help the employee account for such repayments on their federal income tax return.

If the repayment was for a prior year, you must file Form W-2c with the SSA to correct only social security and Medicare wages and taxes, and furnish a copy to the employee. Do not correct "Wages, tips, other compensation" in box 1, or "Federal income tax withheld" in box 2, on Form W-2c. Also do not correct any Additional Medicare Tax withheld on the repaid wages (reported with Medicare tax withheld in box 6) on Form W-2c. File the "X" return that is appropriate for the return on which the wages or compensation was originally reported (Forms 941-X, 943-X, 944-X, or CT-1X). Correct the social security and Medicare wages and taxes for the period during which the wages or compensation was originally paid. For information on reporting adjustments to Forms 941, 943, 944, or Form CT-1, see section 13 of Pub. 15 (Circular E) or the Instructions for Form CT-1X.



Tell your employee that the wages paid in error in a prior year remain taxable to them for that year. This is because the employee received and had use of those funds during that year. The employee is not entitled to file an amended return (Form 1040-X) to recover the income tax on these wages. For repayments greater than \$3,000, the employee may be entitled to a deduction or credit for the repaid wages on their Form 1040 or 1040-SR for the year of repayment. However, the employee is entitled to file an amended return (Form 1040-X) to recover Additional Medicare Tax on these wages, if any. Refer your employee to Repayments in Pub. 525, for additional information.

Scholarship and fellowship grants. Give a Form W-2 to each recipient of a scholarship or fellowship grant only if you are reporting amounts includible in income under section 117(c) (relating to payments for teaching, research, or other services required as a condition for receiving the qualified scholarship). Also see Pub. 15-A and Pub. 970. These payments are subject to federal income tax withholding. However, their taxability for social security and Medicare taxes (or railroad retirement taxes, if applicable) depends on the nature of the employment and the status of the organization. See *Students, scholars, trainees, teachers, etc.*, in section 15 of Pub. 15 (Circular E).

SEP arrangements and SIMPLE IRA plans. An employee's salary reduction contributions under a SEP arrangement to a traditional IRA or under a SIMPLE (savings incentive match plan for employees) IRA plan to a SIMPLE IRA are not subject to federal income tax withholding but are subject to social security, Medicare, and railroad retirement taxes. Do not include an employee's contribution in box 1, but do include it in boxes 3 and 5. (Use box 14 if railroad retirement taxes apply.) An employee's total contribution must also be included in box 12 with code D or S.

An employer's matching or nonelective contribution to an employee's SIMPLE retirement account is not subject to federal income tax withholding or social security, Medicare, or railroad retirement taxes, and is not to be shown on Form W-2.

However, if a SEP arrangement or SIMPLE IRA plan provides for, and an employee elects to designate, a Roth IRA as the IRA to which contributions under the arrangement or plan are made, salary reduction contributions contributed to the account are subject to federal income tax, social security, Medicare, or railroad retirement tax withholding. These contributions are included on Form W-2 in boxes 1, 3, and 5 (or box 14 for railroad retirement taxes) and are reported in box 12 using code F (for a SEP) or code S (for a SIMPLE IRA). Employer matching and nonelective contributions made to a Roth SEP or Roth SIMPLE IRA must be reported on Form 1099-R for the year in which the contributions are made to the employee's Roth IRA. Report the total in boxes 1 and 2a of Form 1099-R using code 2 or 7 in box 7 and check the IRA/SEP/SIMPLE checkbox. For additional guidance on SEP arrangements or SIMPLE IRA plans to which salary reduction contributions are made to Roth IRAs, see Q&A K-1 through K-8 of Notice 2024-2, 2024-2 I.R.B. 316, at [IRS.gov/irb/2024-02_IRB#NOT-2024-2](https://www.irs.gov/irb/2024-02_IRB#NOT-2024-2).

For more information on SIMPLE retirement accounts, see Notice 98-4, 1998-1 C.B. 269. You can find Notice 98-4 on page 25 of Internal Revenue Bulletin 1998-2 at [IRS.gov/pub/irs-irbs/irb98-02.pdf](https://www.irs.gov/pub/irs-irbs/irb98-02.pdf).

Sick pay. If you had employees who received sick pay in 2024 from an insurance company or other third-party payer and the third party notified you of the amount of sick pay involved, you may be required to report the information on the employees' Forms W-2. If the insurance company or other third-party payer did not notify you in a timely manner about the sick pay payments, it must prepare Forms W-2 and W-3 for your employees showing the sick pay. For specific reporting instructions, see section 6 of Pub. 15-A.

Successor/predecessor employers. If you buy or sell a business during the year, see Rev. Proc. 2004-53 for information on who must file Forms W-2 and employment tax returns. Rev. Proc. 2004-53, 2004-34 I.R.B. 320, is available at [IRS.gov/irb/2004-34_IRB#RP-2004-53](https://www.irs.gov/irb/2004-34_IRB#RP-2004-53).

Terminating a business. If you terminate your business, you must provide Forms W-2 to your employees for the calendar year of termination by the due date of your final Form 941 or 944. You must also file Forms W-2 with the SSA by the due date of your final Form 941 or 944. If filing on paper, make sure you obtain Forms W-2 and W-3

preprinted with the correct year. If e-filing, make sure your software has been updated for the current tax year.

However, if any of your employees are immediately employed by a successor employer, see [Successor/predecessor employers](#) above. Also, for information on automatic extensions for furnishing Forms W-2 to employees and filing Forms W-2, see Rev. Proc. 96-57, which is on page 14 of Internal Revenue Bulletin 1996-53 at [IRS.gov/pub/irs-irbs/irb96-53.pdf](https://www.irs.gov/pub/irs-irbs/irb96-53.pdf).



Get Schedule D (Form 941), Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations, for information on reconciling wages and taxes reported on Forms W-2 with amounts reported on Forms 941 or 944.

Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) make-up amounts to a pension plan. If an employee returned to your employment after military service and certain make-up amounts were contributed to a pension plan for a prior year(s) under the USERRA, report the prior year contributions separately in box 12. See the [TIP](#) above Code D under *Box 12—Codes*. You may also report certain make-up amounts in box 14. See [Box 14—Other](#) in *Specific Instructions for Form W-2*.

Instead of reporting in box 12 (or box 14), you may choose to provide a separate statement to your employee showing USERRA make-up contributions. The statement must identify the type of plan, the year(s) to which the contributions relate, and the amount contributed for each year.

Virtual currency. For federal tax purposes, virtual currency is treated as property. Bitcoin is an example of virtual currency. Transactions using virtual currency (such as Bitcoin) must be reported in U.S. dollars.

The fair market value (FMV) of virtual currency (such as Bitcoin) paid as wages is income and subject to federal income tax withholding, FICA tax, and FUTA tax and must be reported on Form W-2. For more information about how virtual currency is treated for federal income tax purposes, including W-2 requirements, see Notice 2014-21, 2014-16 I.R.B. 938, available at [IRS.gov/irb/2014-16_IRB#NOT-2014-21](https://www.irs.gov/irb/2014-16_IRB#NOT-2014-21) and Rev. Rul. 2019-24, available at [IRS.gov/irb/2019-44_IRB#REV-RUL-2019-24](https://www.irs.gov/irb/2019-44_IRB#REV-RUL-2019-24) and related FAQs, available at [IRS.gov/virtualcurrencyfaqs](https://www.irs.gov/virtualcurrencyfaqs).

Penalties

The following penalties apply to the person or employer required to file Form W-2. The penalties apply to both paper filers and e-filers.



Employers are responsible for ensuring that Forms W-2 are furnished to employees and that Forms W-2 and W-3 are filed with the SSA correctly and on time, even if the employer contracts with a third party to perform these acts. The IRS strongly suggests that the employer's address, not the third party's address, be the address on record with the IRS. This will ensure that you remain informed of tax matters involving your business because the IRS will correspond to the employer's address of record if there are any issues with

an account. If you choose to outsource any of your payroll and related tax duties (that is, withholding, reporting, and paying over social security, Medicare, FUTA, and income taxes) to a third-party payer, go to [IRS.gov/OutsourcingPayrollDuties](https://www.irs.gov/OutsourcingPayrollDuties) for helpful information on this topic.

Failure to file correct information returns by the due date. If you fail to file a correct Form W-2 by the due date and cannot show reasonable cause, you may be subject to a penalty as provided under section 6721. The penalty applies if you:

- Fail to file timely,
- Fail to include all information required to be shown on Form W-2,
- Include incorrect information on Form W-2,
- File on paper forms when you are required to *e-file*,
- Report an incorrect TIN,
- Fail to report a TIN, or
- Fail to file paper Forms W-2 that are machine readable.

The amount of the penalty is based on when you file the correct Form W-2. Penalties are indexed for inflation. The penalty amounts shown below apply to filings due after December 31, 2024. The penalty is:

- \$60 per Form W-2 if you correctly file within 30 days of the due date; the maximum penalty is \$664,500 per year (\$232,500 for small businesses, defined in [Small businesses](#)).
- \$130 per Form W-2 if you correctly file more than 30 days after the due date but by August 1; the maximum penalty is \$1,993,500 per year (\$664,500 for small businesses).
- \$330 per Form W-2 if you file after August 1, do not file corrections, or do not file required Forms W-2; the maximum penalty is \$3,987,000 per year (\$1,329,000 for small businesses).



If you do not file corrections and you do not meet any of the exceptions to the penalty, the penalty is \$330 per information return. The maximum penalty is \$3,987,000 per year (\$1,329,000 for small businesses).

Exceptions to the penalty. The following are exceptions to the failure to file correct information returns penalty.

1. The penalty will not apply to any failure that you can show was due to reasonable cause and not to willful neglect. In general, you must be able to show that your failure was due to an event beyond your control or due to significant mitigating factors. You must also be able to show that you acted in a responsible manner and took steps to avoid the failure.

2. An inconsequential error or omission is not considered a failure to include correct information. An inconsequential error or omission is an error that does not prevent or hinder the SSA/IRS from processing the Form W-2, from correlating the information required to be shown on the form with the information shown on the payee's tax return, or from otherwise putting the form to its intended use. Errors and omissions that are never inconsequential are those relating to:

- A TIN,

- A payee's surname, and
- Any money amounts.

3. De minimis rule for corrections. Even though you cannot show reasonable cause, the penalty for failure to file correct Forms W-2 will not apply to a certain number of returns if you:

- Filed those Forms W-2 on or before the required filing date,
- Either failed to include all of the information required on the form or included incorrect information, and
- Filed corrections of these forms by August 1.

If you meet all of the de minimis rule conditions, the penalty for filing incorrect information returns (including Form W-2) will not apply to the greater of 10 information returns (including Form W-2) or one-half of 1% of the total number of information returns (including Form W-2) that you are required to file for the calendar year.

4. Forms W-2 issued with incorrect dollar amounts may fall under a safe harbor for certain de minimis errors. The safe harbor generally applies if no single amount in error differs from the correct amount by more than \$100 and no single amount reported for tax withheld differs from the correct amount by more than \$25.

If the safe harbor applies, you will not have to correct the Form W-2 to avoid penalties. However, if the payee elects for the safe harbor not to apply, you may have to issue a corrected return to avoid penalties. For more information, see Regulations section 301.6721-1.

Small businesses. For purposes of the lower maximum penalties shown in [Failure to file correct information returns by the due date](#), you are a small business if your average annual gross receipts for the 3 most recent tax years (or for the period that you were in existence, if shorter) ending before the calendar year in which the Forms W-2 were due are \$5 million or less.

Intentional disregard of filing requirements. If any failure to timely file a correct Form W-2 is due to intentional disregard of the filing or correct information requirements, the penalty is at least \$660 per Form W-2 with no maximum penalty.

Failure to furnish correct payee statements. If you fail to provide correct payee statements (Forms W-2) to your employees and cannot show reasonable cause, you may be subject to a penalty as provided under section 6722. The penalty applies if you fail to provide the statement by January 31, 2025, if you fail to include all information required to be shown on the statement, or if you include incorrect information on the statement.

The amount of the penalty is based on when you furnish the correct payee statement. This penalty is an additional penalty and is applied in the same manner, and with the same amounts, as in [Failure to file correct information returns by the due date](#).

Exceptions to the penalty. An inconsequential error or omission is not considered a failure to include correct information. An inconsequential error or omission is an error that cannot reasonably be expected to prevent or hinder the payee from timely receiving correct information and reporting it on their income tax return or from otherwise putting the statement to its intended use. Errors

and omissions that are never inconsequential are those relating to:

- A dollar amount (except as provided above with respect to the safe harbor for de minimis dollar amount errors),
- A significant item in a payee's address, and
- The appropriate form for the information provided, such as whether the form is an acceptable substitute for the official IRS form.

See [Exceptions to the penalty](#) under *Failure to file correct information returns by the due date*, for additional exceptions to the penalty for failure to furnish correct payee statements.

Intentional disregard of payee statement requirements. If any failure to provide a correct payee statement (Form W-2) to an employee is due to intentional disregard of the requirements to furnish a correct payee statement, the penalty is \$660 per Form W-2 with no maximum penalty.

Civil damages for fraudulent filing of Forms W-2. If you willfully file a fraudulent Form W-2 for payments that you claim you made to another person, that person may be able to sue you for damages. If you are found liable, you may have to pay \$5,000 or more in damages. You may also be subject to criminal sanctions.

Specific Instructions for Form W-2

How to complete Form W-2. Form W-2 is a multi-part form. Ensure all copies are legible. Do not print Forms W-2 (Copy A) on double-sided paper.

Send Copy A to the SSA; Copy 1, if required, to your state, city, or local tax department; and Copies B, C, and D to your employee. Keep a copy of Copy A, and a copy of Form W-3, with your records for at least 4 years.

Enter the information on Form W-2 using black ink in 12-point Courier font. Copy A is read by machine and must be typed clearly with no corrections made to the entries and with no entries exceeding the size of the boxes. Entries completed by hand, in script or italic fonts are discouraged. Colors other than black cannot be read by the machines. Make all dollar entries on Copy A without the dollar sign and comma but with the decimal point (00000.00). Show the cents portion of the money amounts. If a box does not apply, leave it blank.

Send the whole Copy A page of Form W-2 with Form W-3 to the SSA even if one of the Forms W-2 on the page is blank or void. Do not staple Forms W-2 together or to Form W-3. File Forms W-2 either alphabetically by employees' last names or numerically by employees' SSNs.

Also see the [Caution](#) under *How To Get Forms and Publications*.


Calendar year basis. The entries on Form W-2 must be based on wages paid during the calendar year. Use Form W-2 for the correct tax year. For example, if the employee worked from December 15, 2024, through December 28, 2024, and the wages for that period were paid on January 3, 2025, include those wages on the 2025 Form W-2.

Multiple forms. If necessary, you can issue more than one Form W-2 to an employee. For example, you may need to report more than four coded items in box 12 or

you may want to report other compensation on a second form. If you issue a second Form W-2, complete boxes a, b, c, d, e, and f with the same information as on the first Form W-2. Show any items that were not included on the first Form W-2 in the appropriate boxes.

If you need to issue an additional Form(s) W-2 to report more than four coded items in box 12, the additional Form(s) W-2 is included in the number of information returns for the purpose of determining whether you must e-file. For more information, see [E-filing](#), earlier.

Do not report the same federal, American Samoa, CNMI, Guam, or U.S. Virgin Islands tax data to the SSA on more than one Copy A.

 **TIP** For each Form W-2 showing an amount in box 3 or 7, make certain that box 5 equals or exceeds the sum of boxes 3 and 7.

VOID. Check this box when an error is made on Form W-2 and you are voiding it because you are going to complete a new Form W-2. Do not include any amounts shown on "VOID" forms in the totals you enter on Form W-3. See [Corrections](#).

Box a—Employee's social security number. Enter the number shown on the employee's social security card.

If the employee does not have a card, they should apply for one by completing Form SS-5, Application for a Social Security Card. The SSA lets you verify employee names and SSNs online. For information about these free services, visit the Employer W-2 Filing Instructions & Information website at [SSA.gov/employer](https://ssa.gov/employer). If you have questions about using these services, call 800-772-6270 (toll free) to speak with an employer reporting technician at the SSA.

If the employee has applied for a card but the number is not received in time for filing, enter "Applied For" in box a on paper Forms W-2 filed with the SSA. If e-filing, enter zeros (000-00-0000 if creating forms online or 000000000 if uploading a file).

Ask the employee to inform you of the number and name as they are shown on the social security card when it is received. Then correct your previous report by filing Form W-2c showing the employee's SSN. If the employee needs to change their name from that shown on the card, the employee should call the SSA at 800-772-1213.

If you do not provide the correct employee name and SSN on Form W-2, you may owe a penalty unless you have reasonable cause. For more information, see Pub. 1586, Reasonable Cause Regulations & Requirements for Missing and Incorrect Name/TINs on Information Returns.

ITINs for aliens. Do not accept an ITIN in place of an SSN for employee identification or for work. An ITIN is only available to resident and nonresident aliens who are not eligible for U.S. employment and need identification for other tax purposes. You can identify an ITIN because it is a 9-digit number formatted like an SSN beginning with the number "9" and with a number in one of the following ranges in the fourth and fifth digits: 50–65, 70–88, 90–92, and 94–99 (for example, 9NN-70-NNNN). An individual with an ITIN who later becomes eligible to work in the United States must obtain an SSN.



Do not auto populate an ITIN into box a.

Box b—Employer identification number (EIN). Show the EIN assigned to you by the IRS (00-0000000). This should be the same number that you used on your federal employment tax returns (Forms 941, 943, 944, CT-1, or Schedule H (Form 1040)). Do not truncate your EIN. See Regulations section 31.6051-1(a)(1)(i)(A) and 301.6109-4(b)(2)(iv). Do not use a prior owner's EIN. If you do not have an EIN when filing Forms W-2, enter "Applied For" in box b; do not use your SSN. You can get an EIN by applying online at [IRS.gov/EIN](https://www.irs.gov/EIN) or by filing Form SS-4, Application for Employer Identification Number. Also see [Agent reporting](#).

Box c—Employer's name, address, and ZIP code. This entry should be the same as shown on your Forms 941, 943, 944, CT-1, or Schedule H (Form 1040). The U.S. Postal Service recommends that no commas or periods be used in return addresses. Also see [Agent reporting](#).

Box d—Control number. You may use this box to identify individual Forms W-2. You do not have to use this box.

Boxes e and f—Employee's name and address. Enter the name as shown on your employee's social security card (first name, middle initial, last name). If the name does not fit in the space allowed on the form, you may show the first and middle name initials and the full last name. It is especially important to report the exact last name of the employee. If you are unable to determine the correct last name, use of the SSA's Social Security Number Verification System may be helpful.

Separate parts of a compound name with either a hyphen or a blank space. Do not join them into a single word. Include all parts of a compound name in the appropriate name field. For example, for the name "Jessie R Smith-Jones," enter "Smith-Jones" or "Smith Jones" in the last name field.

If the name has changed, the employee must get a corrected social security card from any SSA office. Use the name on the original card until you see the corrected card.

Do not show titles or academic degrees, such as "Dr.," "RN," or "Esq.," at the beginning or end of the employee's name. Generally, do not enter "Jr.," "Sr.," or other suffix in the "Suff." box on Copy A unless the suffix appears on the card. However, the SSA still prefers that you do not enter the suffix on Copy A.

Include in the address the number, street, and apartment or suite number (or P.O. box number if mail is not delivered to a street address). The U.S. Postal Service recommends that no commas or periods be used in delivery addresses. For a foreign address, give the information in the following order: city, province or state, and country. Follow the country's practice for entering the postal code. Do not abbreviate the country name.

Box 1—Wages, tips, other compensation. Show the total taxable wages, tips, and other compensation that you paid to your employee during the year. However, do not

include elective deferrals (such as employee contributions to a section 401(k) or 403(b) plan) except section 501(c)(18) contributions. Include the following.

1. Total wages, bonuses (including signing bonuses), prizes, and awards paid to employees during the year. See [Calendar year basis](#).
2. Total noncash payments, including certain fringe benefits. See [Fringe benefits](#).
3. Total tips reported by the employee to the employer (not allocated tips).
4. Certain employee business expense reimbursements. See [Employee business expense reimbursements](#).
5. The cost of accident and health insurance premiums for 2%-or-more shareholder-employees paid by an S corporation.
6. Taxable benefits from a section 125 (cafeteria) plan if the employee chooses cash.
7. Employee contributions to an Archer MSA.
8. Employer contributions to an Archer MSA if includible in the income of the employee. See [Archer MSA](#).
9. Employer contributions for qualified long-term care services to the extent that such coverage is provided through a flexible spending or similar arrangement.
10. Taxable cost of group-term life insurance in excess of \$50,000. See [Group-term life insurance](#).
11. Unless excludable under [Educational assistance programs](#), payments for non-job-related education expenses or for payments under a nonaccountable plan. See Pub. 970.
12. The amount includible as wages because you paid your employee's share of social security and Medicare taxes (or railroad retirement taxes, if applicable). See [Employee's social security and Medicare taxes \(or railroad retirement taxes, if applicable\) paid by employer](#). If you also paid your employee's income tax withholding, treat the grossed-up amount of that withholding as supplemental wages and report those wages in boxes 1, 3, 5, and 7. (Use box 14 if railroad retirement taxes apply.) No exceptions to this treatment apply to household or agricultural wages.
13. Designated Roth contributions made under a section 401(k) plan, a section 403(b) salary reduction agreement, or a governmental section 457(b) plan. See [Designated Roth contributions](#).
14. Distributions to an employee or former employee from an NQDC plan (including a rabbi trust) or a nongovernmental section 457(b) plan.
15. Amounts includible in income under section 457(f) because the amounts are no longer subject to a substantial risk of forfeiture.
16. Payments to statutory employees who are subject to social security and Medicare taxes but not subject to federal income tax withholding must be shown in box 1 as other compensation. See [Statutory employee](#).
17. Cost of current insurance protection under a compensatory split-dollar life insurance arrangement.

18. Employee contributions to a health savings account (HSA).

19. Employer contributions to an HSA if includible in the income of the employee. See [Health savings account \(HSA\)](#).

20. Amounts includible in income under section 409A from an NQDC because the amounts are no longer subject to a substantial risk of forfeiture and were not previously included in income. See [Nonqualified deferred compensation plans](#) under *Special Reporting Situations for Form W-2*.

21. Nonqualified moving expenses and expense reimbursements. See [Moving expenses](#).

22. Payments made to former employees while they are on active duty in the U.S. Armed Forces or other uniformed services.

23. All other compensation, including certain scholarship and fellowship grants. See [Scholarship and fellowship grants](#). Other compensation includes taxable amounts that you paid to your employee from which federal income tax was not withheld. You may show other compensation on a separate Form W-2. See [Multiple forms](#).

24. Salary reduction contributions made to a Roth IRA pursuant to a SEP arrangement or SIMPLE IRA plan. See [SEP arrangements and SIMPLE IRA plans](#).

Box 2—Federal income tax withheld. Show the total federal income tax withheld from the employee's wages for the year. Include the 20% excise tax withheld on excess parachute payments. See [Golden parachute payments](#).

For Forms W-2AS, W-2CM, W-2GU, or W-2VI, show the total American Samoa, CNMI, Guam, or U.S. Virgin Islands income tax withheld.

Box 3—Social security wages. Show the total wages paid (before payroll deductions) subject to employee social security tax but not including social security tips and allocated tips. If reporting these amounts in a subsequent year (due to lapse of risk of forfeiture), the amount must be adjusted by any gain or loss. See [Box 7—Social security tips](#) and [Box 8—Allocated tips](#). Generally, noncash payments are considered to be wages. Include employee business expense reimbursements and moving expenses reported in box 1. If you paid the employee's share of social security and Medicare taxes rather than deducting them from wages, see [Employee's social security and Medicare taxes \(or railroad retirement taxes, if applicable\) paid by employer](#). The total of boxes 3 and 7 cannot exceed \$168,600 (2024 maximum social security wage base).

Report in box 3 elective deferrals to certain qualified cash or deferred compensation arrangements and to retirement plans described in box 12 (codes D, E, F, G, and S) even though the deferrals are not includible in box 1. Also report in box 3 designated Roth contributions made under a section 401(k) plan, under a section 403(b) salary reduction agreement, or under a governmental section 457(b) plan described in box 12 (codes AA, BB, and EE).

Amounts deferred (plus earnings or less losses) under a section 457(f) or nonqualified plan or nongovernmental section 457(b) plan must be included in boxes 3 and/or 5 as social security and/or Medicare wages as of the later of when the services giving rise to the deferral are performed or when there is no substantial forfeiture risk of the rights to the deferred amount. Include both elective and nonelective deferrals for purposes of nongovernmental section 457(b) plans.

Wages reported in box 3 also include:

- Signing bonuses an employer pays for signing or ratifying an employment contract. See Rev. Rul. 2004-109, 2004-50 I.R.B. 958, available at [IRS.gov/irb/2004-50_IRB#RR-2004-109](#).
- Taxable cost of group-term life insurance over \$50,000 included in box 1. See [Group-term life insurance](#).
- Cost of accident and health insurance premiums for 2%-or-more shareholder-employees paid by an S corporation, but only if not excludable under section 3121(a)(2)(B).
- Employee and nonexcludable employer contributions to an MSA or HSA. However, do not include employee contributions to an HSA that were made through a cafeteria plan. See [Archer MSA](#) and [Health savings account \(HSA\)](#).
- Salary reduction contributions under a SEP arrangement or SIMPLE IRA plan. See [SEP arrangements and SIMPLE IRA plans](#).
- Adoption benefits. See [Adoption benefits](#).

Box 4—Social security tax withheld. Show the total employee social security tax (not your share) withheld, including social security tax on tips. For 2024, the amount should not exceed \$10,453.20 (\$168,600 × 6.2%). Include only taxes withheld (or paid by you for the employee) for 2024 wages and tips. If you paid your employee's share, see [Employee's social security and Medicare taxes \(or railroad retirement taxes, if applicable\) paid by employer](#).

Box 5—Medicare wages and tips. The wages and tips subject to Medicare tax are the same as those subject to social security tax (boxes 3 and 7) except that there is no wage base limit for Medicare tax. Enter the total Medicare wages and tips in box 5. Be sure to enter tips that the employee reported even if you did not have enough employee funds to collect the Medicare tax for those tips. See [Box 3—Social security wages](#) for payments to report in this box. If you paid your employee's share of taxes, see [Employee's social security and Medicare taxes \(or railroad retirement taxes, if applicable\) paid by employer](#).

If you are a federal, state, or local governmental agency with employees paying only Medicare tax, enter the Medicare wages in this box. See [Government employers](#).

Example of how to report social security and Medicare wages. You paid your employee \$199,750 in wages. Enter in box 3 (social security wages) 168600.00, but enter in box 5 (Medicare wages and tips) 199750.00. There is no limit on the amount reported in box 5. If the amount of wages paid was \$168,600 or less, the amounts entered in boxes 3 and 5 will be the same.

Box 6—Medicare tax withheld. Enter the total employee Medicare tax (including any Additional Medicare Tax) withheld. Do not include your share.


Include only tax withheld for 2024 wages and tips. If you paid your employee's share of the taxes, see [Employee's social security and Medicare taxes \(or railroad retirement taxes, if applicable\) paid by employer](#).

For more information on Additional Medicare Tax, go to [IRS.gov/ADMTfaqs](#).

Box 7—Social security tips. Show the tips that the employee reported to you even if you did not have enough employee funds to collect the social security tax for the tips. The total of boxes 3 and 7 should not be more than \$168,600 (the maximum social security wage base for 2024). Report all tips in box 1 along with wages and other compensation. Also include any tips reported in box 7 in box 5.

Box 8—Allocated tips (not applicable to Forms W-2AS, W-2CM, W-2GU, or W-2VI). If you operate a large food or beverage establishment, show the tips allocated to the employee. See the Instructions for Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips. Do not include this amount in box 1, 3, 5, or 7.

Box 10—Dependent care benefits (not applicable to Forms W-2AS, W-2CM, W-2GU, or W-2VI). Show the total dependent care benefits under a dependent care assistance program (section 129) paid or incurred by you for your employee. Include the fair market value (FMV) of care in a daycare facility provided or sponsored by you for your employee and amounts paid or incurred for dependent care assistance in a section 125 (cafeteria) plan. Report all amounts paid or incurred (regardless of any employee forfeitures), including those in excess of the \$5,000 exclusion. This may include (a) the FMV of benefits provided in kind by the employer, (b) an amount paid directly to a daycare facility by the employer or reimbursed to the employee to subsidize the benefit, or (c) benefits from the pre-tax contributions made by the employee under a section 125 dependent care flexible spending account. Include any amounts over your plan's exclusion in boxes 1, 3, and 5. For more information, see Pub. 15-B.

 **TIP** *An employer that amends its cafeteria plan to provide a grace period for dependent care assistance may continue to rely on Notice 89-111 by reporting in box 10 the salary reduction amount elected by the employee for the year for dependent care assistance (plus any employer matching contributions attributable to dependent care). Also see Notice 2005-42, 2005-23 I.R.B. 1204, available at [IRS.gov/irb/2005-23_IRB#NOT-2005-42](#) and Notice 2005-61, 2005-39 I.R.B. 607, available at [IRS.gov/node/51071#NOT-2005-61](#).*

Box 11—Nonqualified plans. The purpose of box 11 is for the SSA to determine if any part of the amount reported in box 1 or boxes 3 and/or 5 was earned in a prior year. The SSA uses this information to verify that they have properly applied the social security earnings test and paid the correct amount of benefits.

Report distributions to an employee from a nonqualified plan or nongovernmental section 457(b) plan in box 11. Also report these distributions in box 1. Make only one

entry in this box. Distributions from governmental section 457(b) plans must be reported on Form 1099-R, not in box 1 of Form W-2.

Under nonqualified plans or nongovernmental 457(b) plans, deferred amounts that are no longer subject to a substantial risk of forfeiture are taxable even if not distributed. Report these amounts in boxes 3 (up to the social security wage base) and 5. Do not report in box 11 deferrals included in boxes 3 and/or 5 and deferrals for current year services (such as those with no risk of forfeiture).



CAUTION *If you made distributions and are also reporting any deferrals in boxes 3 and/or 5, do not complete box 11. See Pub. 957, Reporting Back Pay and Special Wage Payments to the Social Security Administration, and Form SSA-131, Employer Report of Special Wage Payments, for instructions on reporting these and other kinds of compensation earned in prior years. However, **do not file Form SSA-131 if this situation applies and the employee was not 61 years old or more during the tax year for which you are filing Form W-2.***

Unlike qualified plans, NQDC plans do not meet the qualification requirements for tax-favored status for this purpose. NQDC plans include those arrangements traditionally viewed as deferring the receipt of current compensation. Accordingly, welfare benefit plans, stock option plans, and plans providing dismissal pay, termination pay, or early retirement pay are generally not NQDC plans.

Report distributions from NQDC or section 457 plans to beneficiaries of deceased employees on Form 1099-MISC, not on Form W-2.

Military employers must report military retirement payments on Form 1099-R.



TIP *Do not report special wage payments, such as accumulated sick pay or vacation pay, in box 11. For more information on reporting special wage payments, see Pub. 957.*

Box 12—Codes. Complete and code this box for all items described below. Note that the codes do not relate to where they should be entered in boxes 12a through 12d on Form W-2. For example, if you are only required to report code D in box 12, you can enter code D and the amount in box 12a of Form W-2. Report in box 12 any items that are listed as codes A through II. Do not report in box 12 section 414(h)(2) contributions (relating to certain state or local government plans). Instead, use box 14 for these items and any other information that you wish to give to your employee. For example, union dues and uniform payments may be reported in box 14.



TIP *On Copy A (Form W-2), do not enter more than four items in box 12. If more than four items need to be reported in box 12, use a separate Form W-2 to report the additional items (but enter no more than four items on each Copy A (Form W-2)). On all other copies of Form W-2 (Copies B, C, etc.), you may enter more than four items in box 12 when*

using an approved substitute Form W-2. See [Multiple forms](#).

Use the IRS code designated below for the item you are entering, followed by the dollar amount for that item. Even if only one item is entered, you must use the IRS code designated for that item. Enter the code using a capital letter(s). Use decimal points but not dollar signs or commas. For example, if you are reporting \$5,300.00 in elective deferrals under a section 401(k) plan, the entry would be D 5300.00 (not A 5300.00 even though it is the first or only entry in this box). Report the IRS code to the left of the vertical line in boxes 12a through 12d and the money amount to the right of the vertical line.

See the [Form W-2 Reference Guide for Box 12 Codes](#).

The detailed instructions for each code are next.

Code A—Uncollected social security or RRTA tax on tips. Show the employee social security or Railroad Retirement Tax Act (RRTA) tax on all of the employee's tips that you could not collect because the employee did not have enough funds from which to deduct it. Do not include this amount in box 4.

Code B—Uncollected Medicare tax on tips. Show the employee Medicare tax or RRTA Medicare tax on tips that you could not collect because the employee did not have enough funds from which to deduct it. Do not show any uncollected Additional Medicare Tax. Do not include this amount in box 6.

Code C—Taxable cost of group-term life insurance over \$50,000. Show the taxable cost of group-term life insurance coverage over \$50,000 provided to your employee (including a former employee). See [Group-term life insurance](#). Also include this amount in boxes 1, 3 (up to the social security wage base), and 5. Include the amount in box 14 if you are a railroad employer.

Codes D through H, S, Y, AA, BB, and EE. Use these codes to show elective deferrals and designated Roth contributions made to the plans listed. Do not report amounts for other types of plans. See the example for reporting elective deferrals under a section 401(k) plan, later.

The amount reported as elective deferrals and designated Roth contributions is only the part of the employee's salary (or other compensation) that they did not receive because of the deferrals or designated Roth contributions. Only elective deferrals and designated Roth contributions should be reported in box 12 for all coded plans; except, when using code G for section 457(b) plans, include both elective and nonelective deferrals.

For employees who were 50 years of age or older at any time during the year and made elective deferral and/or designated Roth "catch-up" contributions, report the elective deferrals and the elective deferral "catch-up" contributions as a single sum in box 12 using the appropriate code and the designated Roth contributions and designated Roth "catch-up" contributions as a single sum in box 12 using the appropriate code.



If any elective deferrals, salary reduction amounts, or nonelective contributions under a section 457(b) plan during the year are make-up amounts under the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) for a prior

year, you must enter the prior year contributions separately. Beginning with the earliest year, enter the code, the year, and the amount. For example, elective deferrals of \$2,250 for 2022 and \$1,250 for 2023 under USERRA under a section 401(k) plan are reported in box 12 as follows.

D 22 2250.00, D 23 1250.00. A 2024 contribution of \$7,000 does not require a year designation; enter it as D 7000.00. Report the code (and year for prior year USERRA contributions) to the left of the vertical line in boxes 12a through 12d.

The following are not elective deferrals and may be reported in box 14, but not in box 12.

- Nonelective employer contributions made on behalf of an employee.
- After-tax contributions that are not designated Roth contributions, such as voluntary contributions to a pension plan that are deducted from an employee's pay. See the box 12 instructions for [Code AA—Designated Roth contributions under a section 401\(k\) plan](#), [Code BB—Designated Roth contributions under a section 403\(b\) plan](#), and [Code EE—Designated Roth contributions under a governmental section 457\(b\) plan](#) for reporting designated Roth contributions.
- Required employee contributions.
- Employer matching contributions.

Code D—Elective deferrals under a section 401(k) cash or deferred arrangement (plan). Also show deferrals under a SIMPLE retirement account that is part of a section 401(k) arrangement.

Example of reporting excess elective deferrals and designated Roth contributions under a section 401(k) plan. For 2024, Alex (age 45) elected to defer \$26,500 under a section 401(k) plan. Alex also made a designated Roth contribution to the plan of \$1,000, and made a voluntary (non-Roth) after-tax contribution of \$600. In addition, the employer, on Alex's behalf, made a qualified nonelective contribution of \$2,000 to the plan and a nonelective profit-sharing employer contribution of \$3,000.

Even though the 2024 limit for elective deferrals and designated Roth contributions is \$23,000, Alex's total elective deferral amount of \$26,500 is reported in box 12 with code D (D 26500.00). The designated Roth contribution is reported in box 12 with code AA (AA 1000.00). The employer must separately report the actual amounts of \$26,500 and \$1,000 in box 12 with the appropriate codes. The amount deferred in excess of the limit is not reported in box 1. The return of excess elective deferrals and excess designated Roth contributions, including earnings on both, is reported on Form 1099-R.

The \$600 voluntary after-tax contribution may be reported in box 14 (this is optional) but not in box 12. The \$2,000 qualified nonelective contribution and the \$3,000 nonelective profit-sharing employer contribution are not required to be reported on Form W-2, but may be reported in box 14.

Check the "Retirement plan" box in box 13.

Code E—Elective deferrals under a section 403(b) salary reduction agreement.

Code F—Elective deferrals under a section 408(k) (6) salary reduction SEP.

Code G—Elective deferrals and employer contributions (including nonelective deferrals) to any governmental or nongovernmental section 457(b) deferred compensation plan. Do not report either section 457(b) or section 457(f) amounts that are subject to a substantial risk of forfeiture.

Code H—Elective deferrals under section 501(c) (18)(D) tax-exempt organization plan. Be sure to include this amount in box 1 as wages. The employee will deduct the amount on their Form 1040 or 1040-SR.

Code J—Nontaxable sick pay. Show any sick pay that was paid by a third party and was not includible in income (and not shown in boxes 1, 3, and 5) because the employee contributed to the sick pay plan. Do not include nontaxable disability payments made directly by a state.

Code K—20% excise tax on excess golden parachute payments (not applicable to Forms W-2AS, W-2CM, W-2GU, or W-2VI). If you made excess golden parachute payments to certain key corporate employees, report the 20% excise tax on these payments. If the excess payments are considered to be wages, report the 20% excise tax withheld as income tax withheld in box 2.

Code L—Substantiated employee business expense reimbursements. Use this code only if you reimbursed your employee for employee business expenses using a per diem or mileage allowance and the amount that you reimbursed exceeds the amount treated as substantiated under IRS rules. See [Employee business expense reimbursements](#).

Report in box 12 only the amount treated as substantiated (such as the nontaxable part). Include in boxes 1, 3 (up to the social security wage base), and 5 the part of the reimbursement that is more than the amount treated as substantiated. Report the unsubstantiated amounts in box 14 if you are a railroad employer.

Code M—Uncollected social security or RRTA tax on taxable cost of group-term life insurance over \$50,000 (for former employees). If you provided your former employees (including retirees) more than \$50,000 of group-term life insurance coverage for periods during which an employment relationship no longer exists, enter the amount of uncollected social security or RRTA tax on the coverage in box 12. Do not include this amount in box 4. Also see [Group-term life insurance](#).

Code N—Uncollected Medicare tax on taxable cost of group-term life insurance over \$50,000 (for former employees). If you provided your former employees (including retirees) more than \$50,000 of group-term life insurance coverage for periods during which an employment relationship no longer exists, enter the amount of uncollected Medicare tax or RRTA Medicare tax on the coverage in box 12. Do not show any uncollected Additional Medicare Tax. Do not include this amount in box 6. Also see [Group-term life insurance](#).

Code P—Excludable moving expense reimbursements paid directly to a member of the U.S. Armed Forces. The exclusion for qualified moving expense reimbursements applies only to members of the U.S. Armed Forces on active duty who move pursuant to a

military order and incident to a permanent change of station.

Show the total moving expense reimbursements that you paid directly to your employee for qualified (allowable) moving expenses. See [Moving expenses](#).

Code Q—Nontaxable combat pay. If you are a military employer, report any nontaxable combat pay in box 12.

Code R—Employer contributions to an Archer MSA. Show any employer contributions to an Archer MSA. See [Archer MSA](#).

Code S—Employee salary reduction contributions under a section 408(p) SIMPLE plan. Show deferrals under a section 408(p) salary reduction SIMPLE retirement account. However, if the SIMPLE plan is part of a section 401(k) arrangement, use code D. If you are reporting prior year contributions under USERRA, see the [TIP](#) above Code D under *Box 12—Codes*.

Code T—Adoption benefits. Show the total that you paid or reimbursed for qualified adoption expenses furnished to your employee under an adoption assistance program. Also include adoption benefits paid or reimbursed from the pre-tax contributions made by the employee under a section 125 (cafeteria) plan. However, do not include adoption benefits forfeited from a section 125 (cafeteria) plan. Report all amounts including those in excess of the \$16,810 exclusion. For more information, see [Adoption benefits](#).

Code V—Income from the exercise of nonstatutory stock option(s). Show the spread (that is, the fair market value (FMV) of stock over the exercise price of option(s) granted to your employee with respect to that stock) from your employee's (or former employee's) exercise of nonstatutory stock option(s). Include this amount in boxes 1, 3 (up to the social security wage base), and 5. If you are a railroad employer, do not include this amount in box 14 for railroad employees covered by RRTA. For more information, see [For employees covered by RRTA tax](#) above.

This reporting requirement does not apply to the exercise of a statutory stock option, or the sale or disposition of stock acquired pursuant to the exercise of a statutory stock option. For more information about the taxability of employee stock options, see Pub. 15-B.

Code W—Employer contributions to a health savings account (HSA). Show any employer contributions (including amounts the employee elected to contribute using a section 125 (cafeteria) plan) to an HSA. See [Health savings account \(HSA\)](#).

Code Y—Deferrals under a section 409A nonqualified deferred compensation plan. It is not necessary to show deferrals in box 12 with code Y. For more information, see Notice 2008-115, 2008-52 I.R.B. 1367, available at [IRS.gov/irb/2008-52_IRB#NOT-2008-115](#). However, if you report these deferrals, show current year deferrals, including earnings during the year on current year and prior year deferrals. See [Nonqualified deferred compensation plans](#) under *Special Reporting Situations for Form W-2*.

Code Z—Income under a nonqualified deferred compensation plan that fails to satisfy section 409A. Enter all amounts deferred (including earnings on

amounts deferred) that are includible in income under section 409A because the NQDC plan fails to satisfy the requirements of section 409A. Do not include amounts properly reported on a Form 1099-MISC, corrected Form 1099-MISC, Form W-2, or Form W-2c for a prior year. Also do not include amounts that are considered to be subject to a substantial risk of forfeiture for purposes of section 409A. For more information, see Regulations sections 1.409A-1, -2, -3, and -6; and Notice 2008-115.

The amount reported in box 12 using code Z is also reported in box 1 and is subject to an additional tax reported on the employee's Form 1040 or 1040-SR. See [Nonqualified deferred compensation plans](#) under *Special Reporting Situations for Form W-2*.

For information regarding correcting section 409A errors and related reporting, see Notice 2008-113, Notice 2010-6, and Notice 2010-80.

Code AA—Designated Roth contributions under a section 401(k) plan. Use this code to report designated Roth contributions under a section 401(k) plan. Do not use this code to report elective deferrals under code D. See [Designated Roth contributions](#).

Code BB—Designated Roth contributions under a section 403(b) plan. Use this code to report designated Roth contributions under a section 403(b) plan. Do not use this code to report elective deferrals under code E. See [Designated Roth contributions](#).

Code DD—Cost of employer-sponsored health coverage. Use this code to report the cost of employer-sponsored health coverage. **The amount reported with code DD is not taxable.** Additional reporting guidance, including information about the transitional reporting rules that apply, is available on IRS.gov at [Affordable Care Act \(ACA\) Tax Provisions](#).

Code EE—Designated Roth contributions under a governmental section 457(b) plan. Use this code to report designated Roth contributions under a governmental section 457(b) plan. Do not use this code to report elective deferrals under code G. See [Designated Roth contributions](#).

Code FF—Permitted benefits under a qualified small employer health reimbursement arrangement. Use this code to report the total amount of permitted benefits under a QSEHRA. The maximum reimbursement for an eligible employee under a QSEHRA for 2024 is \$6,150 (\$12,450 if it also provides reimbursements for family members).

Report the amount of payments and reimbursements the employee is entitled to receive under the QSEHRA for the calendar year, not the amount the employee actually receives. For example, a QSEHRA provides a permitted benefit of \$3,000. If the employee receives reimbursements of \$2,000, report a permitted benefit of \$3,000 in box 12 with code FF.

If your QSEHRA provides benefits that vary based on the number of family members covered under the arrangement or their ages and an eligible employee receives no payments or reimbursements and provides no proof of minimum essential coverage (MEC), report the highest value permitted benefits that the QSEHRA provides. If the employee later provides proof of MEC

establishing eligibility for a lesser value permitted benefit, report this lesser value permitted benefit on Form W-2.

Do not include carryover amounts from prior years in the permitted benefit.

You may need to calculate a prorated permitted benefit under some circumstances.

- If your QSEHRA provides a permitted benefit prorated by month for employees not eligible for the full year, report the prorated permitted benefit. For example, a QSEHRA provides a permitted benefit of \$3,000 prorated by the number of months the employee is eligible. If an employee becomes eligible on May 1, the employee's permitted benefit is \$2,000 ($\$3,000 \times 8/12$) for the calendar year. The employer reports the permitted benefit of \$2,000 for that employee in box 12 using code FF.

- If your QSEHRA is not based on a calendar year, prorate the permitted benefit for each part of the QSEHRA's plan year that falls within the calendar year. Report the sum of the prorated permitted benefits for the two portions of the calendar year. For example, a non-calendar year QSEHRA has a plan year that begins on April 1 and ends on March 31 of the following year. From April 1, 2023, through March 31, 2024, the QSEHRA provides a permitted benefit of \$2,000. From April 1, 2024, through March 31, 2025, the QSEHRA provides a permitted benefit of \$3,000. The employer reports a permitted benefit of \$2,750 ($(\$2,000 \times 3/12) + (\$3,000 \times 9/12)$) for calendar year 2024.

You may also have to follow special reporting rules for certain taxable reimbursements.

- If an employee who failed to have MEC for one or more months during the year mistakenly received reimbursements for expenses incurred in one of those months, those reimbursements are taxable to the employee. Report the taxable reimbursement as other compensation in box 1, but not in boxes 3 or 5. The taxable reimbursements are not wages for income, social security, or Medicare tax, so do not withhold these taxes. Report the permitted benefit that you would have reported for the employee as though there was no failure to have MEC. If you discover the lapse in MEC after filing with the SSA, furnish the employee a correction on Form W-2c and file the Form W-2c with the SSA.

- If your QSEHRA provides for taxable reimbursements of either (a) over-the-counter drugs bought without a prescription, or (b) premiums paid on a pre-tax basis for coverage under a group health plan sponsored by the employer of the employee's spouse, include the amount of the taxable reimbursements in boxes 1, 3, and 5 and treat as wages for purposes of income, social security, and Medicare taxes. Report the permitted benefit the employee is entitled to receive under the QSEHRA for the calendar year in box 12 using code FF. Although a part of the permitted benefit is a taxable reimbursement, that does not change the amount you report in box 12 with code FF.

For more details on reporting the total amount of QSEHRA permitted benefits, see Notice 2017-67, Q and A 57 through 63, 2017-47 I.R.B. 517 at [IRS.gov/irb/2017-47_IRB#NOT-2017-67](#).

Code GG—Income from qualified equity grants under section 83(i). Report the amount includible in

gross income from qualified equity grants under section 83(i)(1)(A) for the calendar year. See [Qualified equity grants under section 83\(i\)](#) for more information.

Code HH—Aggregate deferrals under section 83(i) elections as of the close of the calendar year. Report the aggregate amount of income deferred under section 83(i) elections as of the close of the calendar year.

Code II—Medicaid waiver payments excluded from gross income under Notice 2014-7. Report the amount of Medicaid waiver payments not reported in box 1. See [Medicaid waiver payments](#) for more information.

Box 13—Checkboxes. Check all boxes that apply.

Statutory employee. Check this box for statutory employees whose earnings are subject to social security and Medicare taxes but not subject to federal income tax withholding. Do not check this box for common-law employees. There are workers who are independent contractors under the common-law rules but are treated by statute as employees. They are called “statutory employees.”

1. A driver who distributes beverages (other than milk) or meat, vegetable, fruit, or bakery products; or who picks up and delivers laundry or dry cleaning, if the driver is your agent or is paid on commission.

2. A full-time life insurance sales agent whose principal business activity is selling life insurance or annuity contracts, or both, primarily for one life insurance company.

3. An individual who works at home on materials or goods that you supply and that must be returned to you or to a person you name, if you also furnish specifications for the work to be done.

4. A full-time traveling or city salesperson who works on your behalf and turns in orders to you from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments. The goods sold must be merchandise for resale or supplies for use in the buyer's business operation. The work performed for you must be the salesperson's principal business activity.

For details on statutory employees and common-law employees, see section 1 in Pub. 15-A.

Retirement plan. Check this box if the employee was an “active participant” (for any part of the year) in any of the following.

1. A qualified pension, profit-sharing, or stock-bonus plan described in section 401(a) (including a 401(k) plan).

2. An annuity plan described in section 403(a).

3. An annuity contract or custodial account described in section 403(b).

4. A simplified employee pension (SEP) plan described in section 408(k).

5. A SIMPLE retirement account described in section 408(p).

6. A trust described in section 501(c)(18).

7. A plan for federal, state, or local government employees or by an agency or instrumentality thereof (other than a section 457(b) plan).

Generally, an employee is an active participant if covered by (a) a defined benefit plan for any tax year that

they are eligible to participate in, or (b) a defined contribution plan (for example, a section 401(k) plan) for any tax year that employer or employee contributions (or forfeitures) are added to their account. For additional information on employees who are eligible to participate in a plan, contact your plan administrator. For details on the active participant rules, see Notice 87-16, 1987-1 C.B. 446; Notice 98-49, 1998-2 C.B. 365; section 219(g)(5); and Pub. 590-A, Contributions to Individual Retirement Arrangements (IRAs). You can find Notice 98-49 on page 5 of Internal Revenue Bulletin 1998-38 at [IRS.gov/pub/irs-irbs/irb98-38.pdf](https://www.irs.gov/pub/irs-irbs/irb98-38.pdf).



Do not check this box for contributions made to a nonqualified or section 457(b) plan.

See the [Form W-2 Box 13 Retirement Plan Checkbox Decision Chart](#).

Third-party sick pay. Check this box only if you are a third-party sick pay payer filing a Form W-2 for an insured's employee or are an employer reporting sick pay payments made by a third party. See section 6 of Pub. 15-A.

Box 14—Other. If you included 100% of a vehicle's annual lease value in the employee's income, it must also be reported here or on a separate statement to your employee.

You may also use this box for any other information that you want to give to your employee. Label each item. Examples include state disability insurance taxes withheld, union dues, uniform payments, health insurance premiums deducted, nontaxable income, educational assistance payments, or a minister's parsonage allowance and utilities. In addition, you may enter the following contributions to a pension plan: (a) nonelective employer contributions made on behalf of an employee, (b) voluntary after-tax contributions (but not designated Roth contributions) that are deducted from an employee's pay, (c) required employee contributions, and (d) employer matching contributions.

If you are reporting prior year contributions under USERRA (see the [TIP](#) above Code D under *Box 12—Codes* and [Uniformed Services Employment and Reemployment Rights Act of 1994 \(USERRA\) make-up amounts to a pension plan](#)), you may report in box 14 make-up amounts for nonelective employer contributions, voluntary after-tax contributions, required employee contributions, and employer matching contributions. Report such amounts separately for each year.

Railroad employers, see [Railroad employers](#) for amounts reportable in box 14.


Boxes 15 through 20—State and local income tax information (not applicable to Forms W-2AS, W-2CM, W-2GU, or W-2VI). Use these boxes to report state and local income tax information. Enter the two-letter abbreviation for the name of the state. The employer's state ID numbers are assigned by the individual states. The state and local information boxes can be used to report wages and taxes for two states and two localities. Keep each state's and locality's information separated by the broken line. If you need to report information for more than two states or localities, prepare a second Form W-2.

See [Multiple forms](#). Contact your state or locality for specific reporting information.

Federal employers reporting income taxes paid to the CNMI under the 5517 agreement, enter the employer's identification number in box 15. Enter the employee's CNMI wages in box 16. Enter the income taxes paid to the CNMI in box 17. See [Federal employers in the CNMI](#), earlier, for more information.

Specific Instructions for Form W-3

How to complete Form W-3. The instructions under [How to complete Form W-2](#) generally apply to Form W-3. Use black ink for all entries. Scanners cannot read entries if the type is too light. Be sure to send the entire page of the Form W-3.

 **TIP** Amounts reported on related employment tax forms (for example, Forms W-2, 941, 943, or 944) should agree with the amounts reported on Form W-3. If there are differences, you may be contacted by the IRS and SSA. Retain your reconciliation information for future reference. See [Reconciling Forms W-2, W-3, 941, 943, 944, CT-1, and Schedule H \(Form 1040\)](#).

Box a—Control number. This is an optional box that you may use for numbering the whole transmittal.

Box b—Kind of Payer. Check the box that applies to you. Check only one box. If you have more than one type of Form W-2, send each type with a separate Form W-3.

Note. The “Third-party sick pay” indicator box does not designate a separate kind of payer.

941. Check this box if you file Forms 941 and no other category applies. A church or church organization should check this box even if it is not required to file Forms 941 or 944. If you are a railroad employer sending Forms W-2 for employees covered under the Railroad Retirement Tax Act (RRTA), check the “CT-1” box.

Military. Check this box if you are a military employer sending Forms W-2 for members of the uniformed services.

943. Check this box if you are an agricultural employer and file Form 943 and you are sending Forms W-2 for agricultural employees. For nonagricultural employees, send their Forms W-2 with a separate Form W-3, checking the appropriate box.

944. Check this box if you file Form 944 (or Formulario 944 (sp), its Spanish-language version), and no other category applies.

CT-1. Check this box if you are a railroad employer sending Forms W-2 for employees covered under the RRTA. Do not show employee RRTA tax in boxes 3 through 7. These boxes are only for social security and Medicare information. If you also have employees who are subject to social security and Medicare taxes, send that group's Forms W-2 with a separate Form W-3 and check the “941” checkbox on that Form W-3.

Hshld. emp. Check this box if you are a household employer sending Forms W-2 for household employees and you did not include the household employee's taxes on Forms 941, 943, or 944.

Medicare govt. emp. Check this box if you are a U.S., state, or local agency filing Forms W-2 for employees subject only to Medicare tax. See [Government employers](#).

Box b—Kind of Employer. Check the box that applies to you. Check only one box unless the second checked box is “Third-party sick pay.” See Pub. 557, Tax-Exempt Status for Your Organization, for information about 501(c)(3) tax-exempt organizations.

None apply. Check this box if none of the checkboxes discussed next apply to you.

501c non-govt. Check this box if you are a non-governmental tax-exempt section 501(c) organization. Types of 501(c) non-governmental organizations include private foundations, public charities, social and recreation clubs, and veterans organizations. For additional examples of 501(c) non-governmental organizations, see chapters 3 and 4 of Pub. 557.

State/local non-501c. Check this box if you are a state or local government or instrumentality. This includes cities, townships, counties, special-purpose districts, public school districts, or other publicly owned entities with governmental authority.

State/local 501c. Check this box if you are a state or local government or instrumentality, and you have received a determination letter from the IRS indicating that you are also a tax-exempt organization under section 501(c)(3).

Federal govt. Check this box if you are a federal government entity or instrumentality.

Box b—Third-party sick pay. Check this box if you are a third-party sick pay payer (or are reporting sick pay payments made by a third party) filing Forms W-2 with the “Third-party sick pay” checkbox in box 13 checked. File a single Form W-3 for the regular and “Third-party sick pay” Forms W-2. See [941](#).

Box c—Total number of Forms W-2. Show the number of completed individual Forms W-2 that you are transmitting with this Form W-3. Do not count “VOID” Forms W-2.

Box d—Establishment number. You may use this box to identify separate establishments in your business. You may file a separate Form W-3, with Forms W-2, for each establishment even if they all have the same EIN; or you may use a single Form W-3 for all Forms W-2 of the same type.

Box e—Employer identification number (EIN). Enter the 9-digit EIN assigned to you by the IRS. The number should be the same as shown on your Forms 941, 943, 944, CT-1, or Schedule H (Form 1040) and in the following format: 00-0000000. Do not truncate your EIN. See Regulations section 31.6051-1(a)(1)(i)(A) and 301.6109-4(b)(2)(iv). Do not use a prior owner's EIN. See [Box h—Other EIN used this year](#).

If you do not have an EIN when filing your Form W-3, enter “Applied For” in box e, not your social security number (SSN), and see [Box b—Employer identification number \(EIN\)](#).

Box f—Employer's name. Enter the same name as shown on your Forms 941, 943, 944, CT-1, or Schedule H (Form 1040).

Box g—Employer's address and ZIP code. Enter your address.

Box h—Other EIN used this year. If you have used an EIN (including a prior owner's EIN) on Forms 941, 943, 944, or CT-1 submitted for 2024 that is different from the EIN reported on Form W-3 in box e, enter the other EIN used. Agents generally report the employer's EIN in box h. See [Agent reporting](#).

Employer's contact person, Employer's telephone number, Employer's fax number, and Employer's email address. Include this information for use by the SSA if any questions arise during processing. The SSA will notify the employer by email or postal mail to correct and resubmit reports from the information provided on Form W-3.



Payroll service providers, enter your client's information for these fields.



The amounts to enter in boxes 1 through 19, described next, are totals from only the Forms W-2 (excluding any Forms W-2 marked "VOID") that you are sending with this Form W-3.

Boxes 1 through 8. Enter the totals reported in boxes 1 through 8 on the Forms W-2.

Box 9. Do not enter an amount in box 9.

Box 10—Dependent care benefits (not applicable to Forms W-2AS, W-2CM, W-2GU, and W-2VI). Enter the total reported in box 10 on Forms W-2.

Box 11—Nonqualified plans. Enter the total reported in box 11 on Forms W-2.

Box 12a—Deferred compensation. Enter the total of all amounts reported with codes D through H, S, Y, AA, BB, and EE in box 12 on Forms W-2. Do not enter a code.



The total of Form W-2 box 12 amounts reported with codes A through C, J through R, T through W, Z, DD, and FF through II is not reported on Form W-3.

Box 13—For third-party sick pay use only. Leave this box blank. See Form 8922.

Box 14—Income tax withheld by payer of third-party sick pay. Complete this box only if you are the employer and have employees who had federal income tax withheld on third-party payments of sick pay. Show the total income tax withheld by third-party payers on payments to all of your employees. Although this tax is included in the box 2 total, it must be separately shown here.

Box 15—State/Employer's state ID number (territorial ID number for Forms W-2AS, W-2CM, W-2GU, and W-2VI). Enter the two-letter abbreviation for the name of the state or territory being reported on Form(s) W-2. Also enter your state- or territory-assigned ID number. If the Forms W-2 being submitted with this Form W-3 contain wage and income tax information from more than one state or territory, enter an "X" under "State" and do not enter any state or territory ID number.

Federal employers reporting income taxes paid to the CNMI under the 5517 agreement, enter the employer's identification number in box 15. See [Federal employers in the CNMI](#), earlier, for more information.

Boxes 16 through 19 (not applicable to Forms W-2AS, W-2CM, W-2GU, and W-2VI). Enter the total of state/local wages and income tax shown in their corresponding boxes on the Forms W-2 included with this Form W-3. If the Forms W-2 show amounts from more than one state or locality, report them as one sum in the appropriate box on Form W-3. Verify that the amount reported in each box is an accurate total of the Forms W-2.

Federal employers reporting income taxes paid to the CNMI under the 5517 agreement, enter the total of CNMI wages on the Forms W-2 in box 16. Enter the total of income taxes shown on the Forms W-2 paid to the CNMI in box 17. See [Federal employers in the CNMI](#), earlier, for more information.

Reconciling Forms W-2, W-3, 941, 943, 944, CT-1, and Schedule H (Form 1040)

Reconcile the amounts shown in boxes 2, 3, 5, and 7 from all 2024 Forms W-3 with their respective amounts from the 2024 yearly totals from the quarterly Forms 941 or annual Forms 943, 944, CT-1 (box 2 only), and Schedule H (Form 1040). When there are discrepancies between amounts reported on Forms W-2 and W-3 filed with the SSA and on Forms 941, 943, 944, CT-1, or Schedule H (Form 1040) filed with the IRS, you will be contacted to resolve the discrepancies.



To help reduce discrepancies on Forms W-2:

- Report bonuses as wages and as social security and Medicare wages on Form W-2; and on Forms 941, 943, 944, and Schedule H (Form 1040).
- Report both social security and Medicare wages and taxes separately on Forms W-2 and W-3; and on Forms 941, 943, 944, and Schedule H (Form 1040).
- Report social security taxes withheld on Form W-2 in box 4, not in box 3.
- Report Medicare taxes withheld on Form W-2 in box 6, not in box 5.
- Do not report a nonzero amount in box 4 if boxes 3 and 7 are both zero.
- Do not report a nonzero amount in box 6 if box 5 is zero.
- Do not report an amount in box 5 that is less than the sum of boxes 3 and 7.
- Make sure that the social security wage amount for each employee does not exceed the annual social security wage base limit (\$168,600 for 2024).
- Do not report noncash wages that are not subject to social security or Medicare taxes as social security or Medicare wages.
- If you use an EIN on any quarterly Forms 941 for the year (or annual Forms 943, 944, CT-1, or Schedule H (Form 1040)) that is different from the EIN reported in box e on Form W-3, enter the other EIN in box h on Form W-3.

To reduce the discrepancies between amounts reported on Forms W-2 and W-3; and Forms 941, 943, 944, CT-1, and Schedule H (Form 1040):

- Be sure that the amounts on Form W-3 are the total amounts from Forms W-2.
- Reconcile Form W-3 with your four quarterly Forms 941 (or annual Forms 943, 944, CT-1, or Schedule H (Form 1040)) by comparing amounts reported for:

1. Income tax withholding (box 2).
2. Social security wages, Medicare wages and tips, and social security tips (boxes 3, 5, and 7). Form W-3 should include Forms 941, 943, 944, or Schedule H (Form 1040) adjustments only for the current year. If the Forms 941, 943, or 944 adjustments include amounts for a prior year, do not report those prior year adjustments on the current year Forms W-2 and W-3.

3. Social security and Medicare taxes (boxes 4 and 6). The amounts shown on the four quarterly Forms 941 (or annual Forms 943, 944, or Schedule H (Form 1040)), including current year adjustments, should be approximately twice the amounts shown on Form W-3.

Amounts reported on Forms W-2 and W-3; and Forms 941, 943, 944, CT-1, or Schedule H (Form 1040) may not match for valid reasons. If they do not match, you should determine that the reasons are valid. Retain your reconciliation information in case you receive inquiries from the IRS or the SSA.

General Instructions for Forms W-2c and W-3c

Applicable forms. Use with the current version of Form W-2c and the current version of Form W-3c.

Purpose of forms. Use Form W-2c to correct errors on Forms W-2, W-2AS, W-2CM, W-2GU, W-2VI, or W-2c filed with the SSA. Also use Form W-2c to provide corrected Forms W-2, W-2AS, W-2CM, W-2GU, W-2VI, or W-2c to employees.

Corrections reported on Form W-2c may require you to make corrections to your previously filed employment tax returns using the corresponding “X” form, such as Form 941-X, Adjusted Employer’s QUARTERLY Federal Tax Return or Claim for Refund; Form 943-X, Adjusted Employer’s Annual Federal Tax Return for Agricultural Employees or Claim for Refund; Form 944-X, Adjusted Employer’s ANNUAL Federal Tax Return or Claim for Refund; or Form CT-1X, Adjusted Employer’s Annual Railroad Retirement Tax Return or Claim for Refund. See section 13 of Pub. 15 (Circular E) and the Instructions for Form CT-1X for more information. If you are making corrections to a previously filed Schedule H (Form 1040), see Pub. 926, Household Employer’s Tax Guide. If an employee repaid you for wages received in a prior year, also see [Repayments](#).

Do not use Form W-2c to report corrections to back pay. Instead, see Pub. 957, Reporting Back Pay and Special Wage Payments to the Social Security Administration, and Form SSA-131, Employer Report of Special Wage Payments.

Do not use Form W-2c to correct Form W-2G, Certain Gambling Winnings. Instead, see the General Instructions for Certain Information Returns for the current reporting year.

Use Form W-3c to send Copy A of Form W-2c to the SSA. Always file Form W-3c when submitting one or more Forms W-2c.

E-filing Forms W-2c and W-3c. The SSA encourages all employers to *e-file* using its secure BSO website. E-filing can save you time and effort and helps ensure accuracy. See [Requirement to e-file Forms W-2c](#) for information on when you are required to *e-file* Forms W-2c.

Where to file paper Forms W-2c and W-3c. If you use the U.S. Postal Service (other than Certified mail), send Forms W-2c and W-3c to:

**Social Security Administration
Direct Operations Center
P.O. Box 3333
Wilkes-Barre, PA 18767-3333**

If you use a private delivery service or Certified mail through the U.S. Postal Service, send Forms W-2c and W-3c to:

**Social Security Administration
Direct Operations Center
Attn: W-2c Process
1150 E. Mountain Drive
Wilkes-Barre, PA 18702-7997**

Go to [IRS.gov/PDS](https://www.irs.gov/PDS) for a list of IRS-designated private delivery services.

TIP Do not send Forms W-2, W-2AS, W-2CM, W-2GU, or W-2VI to either of these addresses. Instead, see [Where to file paper Forms W-2 and W-3](#).

When to file. File Forms W-2c and W-3c as soon as possible after you discover an error. Also provide Form W-2c to employees as soon as possible.

How to complete. If you file Forms W-2c and W-3c on paper, make all entries using dark or black ink in 12-point Courier font, if possible, and make sure all copies are legible. See [How to complete Form W-2](#).

If any item shows a change in the dollar amount and one of the amounts is zero, enter “-0-.” Do not leave the box blank.

Who may sign Form W-3c. Generally, employers must sign Form W-3c. See [Who may sign Form W-3](#).

Special Situations for Forms W-2c and W-3c

Undeliverable Forms W-2c. See [Undeliverable Forms W-2](#).

Correcting Forms W-2 and W-3

Corrections. Use the current version of Form W-2c to correct errors (such as incorrect name, SSN, or amount) on a previously filed Form W-2 or Form W-2c. File Copy A of Form W-2c with the SSA. To *e-file* your corrections, see [Correcting wage reports](#).

If the SSA issues your employee a replacement card after a name change, or a new card with a different social security number after a change in alien work status, file a Form W-2c to correct the name/SSN reported on the most recently filed Form W-2. It is not necessary to correct the prior years if the previous name and number were used for the years prior to the most recently filed Form W-2.

File Form W-3c whenever you file a Form W-2c with the SSA, even if you are only filing a Form W-2c to correct an employee's name or SSN. However, see [Employee's incorrect address on Form W-2](#), later, for information on correcting an employee's address. See [Correcting an incorrect tax year and/or EIN incorrectly reported on Form W-2 or Form W-3](#), later, if an error was made on a previously filed Form W-3.

If you discover an error on Form W-2 after you issue it to your employee but before you send it to the SSA, check the "VOID" box at the top of the incorrect Form W-2 on Copy A. Prepare a new Form W-2 with the correct information, and send Copy A to the SSA. Write "CORRECTED" on the employee's new copies (B, C, and 2), and furnish them to the employee. If the "VOID" Form W-2 is on a page with a correct Form W-2, send the entire page to the SSA. The "VOID" form will not be processed. Do not write "CORRECTED" on Copy A of Form W-2.

If you are making a correction for previously filed Forms 941, 941-SS, 943, 944, or CT-1, use the corresponding "X" forms, such as Forms 941-X, 943-X, 944-X, or CT-1X for the return period in which you found the error. See section 13 of Pub. 15 (Circular E) and the Instructions for Form CT-1X for more details. If you are making corrections to a previously filed Schedule H (Form 1040), see Pub. 926. Issue the employee a Form W-2c if the error discovered was for the prior year and Form W-2 was filed with the SSA.

Correcting an employee's name and/or SSN only. If you are correcting only an employee's name and/or SSN, complete Form W-2c boxes d through i. Do not complete boxes 1 through 20. Advise your employee to correct the SSN and/or name on their original Form W-2.

If your employee is given a new social security card following an adjustment to their resident status that shows a different name or SSN, file a Form W-2c for the most current year only.

Correcting an employee's name and SSN if the SSN was reported as blanks or zeros and the employee name was reported as blanks. If you need to correct an employee's name and SSN, and the SSN was reported as blanks or zeros and the employee's name was reported as blanks, do not use Form W-2c to report the corrections. You must contact the SSA at 800-772-6270 for instructions.

Correcting an incorrect tax year and/or EIN incorrectly reported on Form W-2 or Form W-3. To correct an

incorrect tax year and/or EIN on a previously submitted Form W-2 or Form W-3, you must prepare two sets of Forms W-2c and W-3c.

- Prepare one Form W-3c along with a Form W-2c for each affected employee. On the Form W-3c, enter the incorrect tax year in box a and the incorrect EIN originally reported in box h. Enter in the "Previously reported" boxes the money amounts that were on the original Form W-2. In the "Correct information" boxes, enter zeros.
- Prepare a second Form W-3c along with a second Form W-2c for each affected employee. On the Form W-3c, enter the correct tax year in box a and/or the correct EIN in box e. Enter zeros in the "Previously reported" boxes, and enter the correct money amounts in the "Correct information" boxes.

Correcting more than one Form W-2 for an employee.

There are two ways to prepare a correction for an employee for whom more than one Form W-2 was filed under the same EIN for the tax year. You can (1) consider all the Forms W-2 when determining the amounts to enter on Form W-2c, or (2) file a single Form W-2c to correct only the incorrect Form W-2.

However, state, local, and federal government employers who are preparing corrections for Medicare Qualified Government Employment (MQGE) employees must also follow the instructions in the [Caution](#) for state, local, and federal government employers in the *Specific Instructions for Form W-2c*.

Correcting more than one kind of form. You must use a separate Form W-3c for each type of Form W-2 (Forms W-2, W-2AS, W-2CM, W-2GU, W-2VI, or W-2c) being corrected. You must also use a separate Form W-3c for each kind of payer/employer combination in box c. If you are correcting more than one kind of form, please group forms of the same kind of payer/employer combination, and send them in separate groups.

Employee's incorrect address on Form W-2. If you filed a Form W-2 with the SSA that reported an incorrect address for the employee, but all other information on the Form W-2 was correct, do not file Form W-2c with the SSA merely to correct the address.

However, if the address was incorrect on the Form W-2 furnished to the employee, you must do one of the following.

- Issue a new, corrected Form W-2 to the employee that includes the new address. Indicate "REISSUED STATEMENT" on the new copies. Do not send Copy A of Form W-2 to the SSA.
- Issue a Form W-2c to the employee that shows the correct address in box i and all other correct information. Do not send Copy A of Form W-2c to the SSA.
- Reissue the Form W-2 with the incorrect address to the employee in an envelope showing the correct address or otherwise deliver it to the employee.

Two Forms W-2 were filed under the same EIN, but only one should have been filed.

Example. Two Forms W-2 were submitted for Taylor Smith under the same EIN for the same tax year. One Form W-2 correctly reported social security wages of \$20,000. The other Form W-2 incorrectly reported social

security wages of \$30,000. There are two ways to correct this situation.

- File a Form W-3c along with one Form W-2c, entering \$50,000 in box 3 under “Previously reported” and \$20,000 in box 3 under “Correct information”; or
- File a Form W-3c along with one Form W-2c, entering \$30,000 in box 3 under “Previously reported” and \$0.00 in box 3 under “Correct information.”

Two Forms W-2 were filed under the same EIN, but wages on one were incorrect.

Example. Two Forms W-2 were submitted for Taylor Smith under the same EIN for the same tax year. One Form W-2 correctly reported social security wages of \$20,000. The other Form W-2 incorrectly reported social security wages of \$30,000, whereas \$25,000 should have been reported. There are two ways to correct this situation.

- File a Form W-3c along with one Form W-2c, entering \$50,000 in box 3 under “Previously reported” and \$45,000 in box 3 under “Correct information”; or
- File a Form W-3c along with one Form W-2c, entering \$30,000 in box 3 under “Previously reported” and \$25,000 in box 3 under “Correct information.”

Specific Instructions for Form W-2c

Box a—Employer's name, address, and ZIP code.

This entry should be the same as shown on your Forms 941, 941-SS, 943, 944, CT-1, or Schedule H (Form 1040).

Box b—Employer identification number (EIN). Show the correct 9-digit EIN assigned to you by the IRS in the format 00-0000000. Do not truncate your EIN. See Regulations section 31.6051-1(a)(1)(i)(A) and 301.6109-4(b)(2)(iv).

Box c—Tax year/Form corrected. If you are correcting Form W-2, enter all 4 digits of the year of the form you are correcting. If you are correcting Form W-2AS, W-2CM, W-2GU, W-2VI, or W-2c, enter all 4 digits of the year you are correcting, and also enter “AS,” “CM,” “GU,” “VI,” or “c” to designate the form you are correcting. For example, entering “2022” and “GU” indicates that you are correcting a 2022 Form W-2GU.

Box d—Employee's correct SSN. You must enter the employee's correct SSN even if it was correct on the original Form W-2. If you are correcting an employee's SSN, you must also complete boxes e through i.

Box e—Corrected SSN and/or name. Check this box only if you are correcting the employee's SSN, name, or both SSN and name. You must also complete boxes d and f through i.

Box f—Employee's previously reported SSN. Complete this box if you are correcting an employee's previously reported incorrect SSN and/or name. If the previous SSN was reported as blanks or not available, then box f should be all zeros.

Box g—Employee's previously reported name. Complete this box if you are correcting an employee's previously reported incorrect SSN and/or name. You must enter the employee's previously reported full name in box g exactly as it was previously reported. If the previous

reported name was reported as blanks or not available, then box g should be all blanks.



*For boxes f and g, if both the previous SSN and the previous name were reported as blanks, **do not** use Form W-2c. Contact the SSA at 800-772-6270.*

Box h—Employee's first name and initial, Last name, Suff. Always enter the employee's correct name. See [Boxes e and f—Employee's name and address](#) for name formatting information.

Box i—Employee's address and ZIP code. Always enter the employee's correct address. See [Boxes e and f—Employee's name and address](#) for address formatting information.



You must enter the employee's full name in boxes g and h.

Boxes 1 through 20. For the items you are changing, enter under “Previously reported” the amount reported on the original Form W-2 or the amount reported on a previously filed Form W-2c. Enter the correct amount under “Correct information.”

Do not make an entry in any of these boxes on Copy A unless you are making a change. However, see the [Caution](#) for state, local, or federal government employers below.

Box 2—Federal income tax withheld. Use this box only to make corrections because of an administrative error. (An administrative error occurs only if the amount you entered in box 2 of the incorrect Form W-2 was not the amount you actually withheld.) If you are correcting Forms W-2AS, W-2CM, W-2GU, or W-2VI, box 2 is for income tax withheld for the applicable U.S. territory.

Boxes 5 and 6. Complete these boxes to correct Medicare wages and tips and Medicare tax withheld. (Exception—do not correct Additional Medicare Tax withheld unless you need to correct an administrative error. An administrative error occurs only if the amount you entered in box 6 of the incorrect Form W-2 is not the amount you actually withheld.) State, local, or federal government employers should also use these boxes to correct MQGE wages. Box 5 must equal or exceed the sum of boxes 3 and 7.



A state, local, or federal government employer correcting only social security wages and/or social security tips (boxes 3 and/or 7) for an MQGE employee must also complete Medicare wages and tips in box 5. Enter the total Medicare wages and tips, including MQGE-only wages, even if there is no change to the total Medicare wages and tips previously reported.

Boxes 8, 10, and 11. Use these boxes to correct allocated tips, dependent care benefits, or deferrals and distributions relating to nonqualified plans.

Box 12—Codes. Complete these boxes to correct any of the coded items shown on Forms W-2. Examples include uncollected social security and/or Medicare taxes on tips, taxable cost of group-term life insurance coverage over \$50,000, elective deferrals (codes D through H, S, Y, AA,

BB, and EE), sick pay not includible as income, and employee business expenses. See [Box 12—Codes](#) in *Specific Instructions for Form W-2* for the proper format to use in reporting coded items from box 12 of Forms W-2.

Employers should enter both the code and dollar amount for both fields on Form W-2c.

If a single Form W-2c does not provide enough blank spaces for corrections, use additional Forms W-2c.

Box 13. Check the boxes in box 13, under “Previously reported,” as they were checked on the original Form W-2. Under “Correct information,” check them as they should have been checked. For example, if you checked the “Retirement plan” box on the original Form W-2 by mistake, check the “Retirement plan” checkbox in box 13 under “Previously reported,” but do not check the “Retirement plan” checkbox in box 13 under “Correct information.”

Box 14. Use this box to correct items reported in box 14 of the original Form W-2 or on a prior Form W-2c. If possible, complete box 14 on Copies B, C, 1, and 2 of Form W-2c only, not on Copy A.

Boxes 15 through 20—State/Local taxes. If your only changes to the original Form W-2 are to state or local data, do not send Copy A of Form W-2c to the SSA. Instead, send Form W-2c to the appropriate state or local agency and furnish copies to your employees.

Correcting state information. Contact your state or locality for specific reporting information.

Specific Instructions for Form W-3c

Do not staple or tape the Forms W-2c to Form W-3c or to each other. File a separate Form W-3c for each tax year, for each type of form, and for each kind of payer/employer combination. (The “Third-party sick pay” indicator box does not designate a separate kind of payer or employer.) Make a copy of Form W-3c for your records.

In the money boxes of Form W-3c, total the amounts from each box and column on the Forms W-2c you are sending.

Box a—Tax year/Form corrected. Enter all 4 digits of the year of the form you are correcting and the type of form you are correcting. For the type of form, enter “2,” “2AS,” “2CM,” “2GU,” “2VI,” “2c,” “3,” “3SS,” or “3c.” For example, entering “2022” and “2” indicates that all the forms being corrected are 2022 Forms W-2.

Box b—Employer’s name, address, and ZIP code. This should be the same as shown on your Forms 941, 941-SS, 943, 944, CT-1, or Schedule H (Form 1040). Include the suite, room, or other unit number after the street address. If the post office does not deliver mail to the street address and you use a P.O. box, show the P.O. box number instead of the street address.



The IRS will not use Form W-3c to update your address of record. If you wish to change your address, file Form 8822 or Form 8822-B.

Box c—Kind of Payer. Check the box that applies to you. Check only one box. If your previous Form W-3 or Form W-3SS was checked incorrectly, report your prior

incorrect payer type in the “Explain decreases here” area below boxes 18 and 19.

941/941-SS. Check this box if you file Form 941 or Form 941-SS. If you are a railroad employer sending Forms W-2c for employees covered under the RRTA, check the “CT-1” checkbox.

Military. Check this box if you are a military employer correcting Forms W-2 for members of the uniformed services.

943. Check this box if you file Form 943 and you are correcting Forms W-2 for agricultural employees. For nonagricultural employees, send Forms W-2c with a separate Form W-3c, generally with the 941/941-SS box checked.

944. Check this box if you file Form 944.

CT-1. Check this box if you are a railroad employer correcting Forms W-2 for employees covered under the RRTA. If you also have to correct forms of employees who are subject to social security and Medicare taxes, complete a separate Form W-3c with the “941/941-SS” box or “944” box checked instead.

Hshld. emp. Check this box if you are a household employer correcting Forms W-2 for household employees and you filed a Schedule H (Form 1040). If you also have to correct forms of employees who are not household employees, complete a separate Form W-3c.

Medicare govt. emp. Check this box if you are a U.S., state, or local agency filing corrections for employees subject only to Medicare taxes.

Box c—Kind of Employer. Check the box that applies to you. Check only one box. If your previous Form W-3 or W-3SS was checked incorrectly, report your prior incorrect employer type in the “Explain decreases here” area below boxes 18 and 19.

None apply. Check this box if none of the checkboxes described next apply to you.

501c non-govt. Check this box if you are a non-governmental tax-exempt 501(c) organization. Types of 501(c) non-governmental organizations include private foundations, public charities, social and recreation clubs, and veterans organizations. For additional examples of 501(c) non-governmental organizations, see chapters 3 and 4 of Pub. 557, *Tax-Exempt Status for Your Organization*.

State/local non-501c. Check this box if you are a state or local government or instrumentality. This includes cities, townships, counties, special-purpose districts, public school districts, or other publicly owned entities with governmental authority.

State/local 501c. Check this box if you are a state or local government or instrumentality, and you have received a determination letter from the IRS indicating that you are also a tax-exempt organization under section 501(c)(3).

Federal govt. Check this box if you are a federal government entity or instrumentality.

Box c—Third-party sick pay. Check this box if you are a third-party sick pay payer (or are reporting sick pay payments made by a third party) correcting Forms W-2 with the “Third-party sick pay” checkbox in box 13 of Form W-2c under “Correct information” checked. File a separate

Form W-3c for each payer/employer combination reporting “Third-party sick pay” on Form W-2c.

Box d—Number of Forms W-2c. Show the number of individual Forms W-2c filed with this Form W-3c or enter “-0-” if you are correcting only a previously filed Form W-3 or Form W-3SS.

Box e—Employer identification number (EIN). Enter the correct number assigned to you by the IRS in the following format: 00-0000000. Do not truncate your EIN. See Regulations section 31.6051-1(a)(1)(i)(A) and 301.6109-4(b)(2)(iv). If you are correcting your EIN, enter the originally reported federal EIN you used in box h.

Box f—Establishment number. You may use this box to identify separate establishments in your business. You may file a separate Form W-3c, with Forms W-2c, for each establishment or you may use a single Form W-3c for all Forms W-2c. You do not have to complete this item; it is optional.

Box g—Employer's state ID number. You are not required to complete this box. This number is assigned by the individual state where your business is located. However, you may want to complete this item if you use copies of this form for your state returns.

Box h—Employer's originally reported EIN. Your correct number must appear in box e. Make an entry here only if the number on the original form was incorrect.

Box i—Incorrect establishment number. You may use this box to correct an establishment number.

Box j—Employer's incorrect state ID number. Use this box to make any corrections to your previously reported state ID number.

Boxes 1 through 8, 10, and 11. Enter the total of amounts reported in boxes 1 through 8, 10, and 11 as “Previously reported” and “Correct information” from Forms W-2c.

Box 12a—Deferred compensation. Enter the total of amounts reported with codes D through H, S, Y, AA, BB, and EE as “Previously reported” and “Correct information” from Forms W-2c.



The total of Form W-2c box 12 amounts reported with codes A through C, J through R, T through W, Z, DD, and FF through II is not reported on Form W-3c.

Box 14—Inc. tax w/h by third-party sick pay payer. Enter the amount previously reported and the corrected amount of income tax withheld on third-party payments of sick pay. Although this tax is included in the box 2 amounts, it must be shown separately here.

Boxes 16 through 19. If your only changes to the Forms W-2c and W-3c are to the state and local data, do not send either Copy A of Form W-2c or Form W-3c to the SSA. Instead, send the forms to the appropriate state or local agency and furnish copies of Form W-2c to your employees.

Explain decreases here. Explain any decrease to amounts “Previously reported.” Also report here any previous incorrect entry in box c, “Kind of Payer” or “Kind of Employer.” Enclose (but do not attach) additional sheets explaining your decreases, if necessary. Include your name and EIN on any additional sheets.

Signature. Sign and date the form. Also enter your title and employer's contact person, employer's telephone number, employer's fax number, and employer's email address, if available. If you are not the employer, see [Who may sign Form W-3](#).

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on Forms W-2 and W-3 to carry out the Internal Revenue laws of the United States. We need it to figure and collect the right amount of tax. Section 6051 and its regulations require you to furnish wage and tax statements to employees, the Social Security Administration, and the Internal Revenue Service. Section 6109 requires you to provide your employer identification number (EIN). Failure to provide this information in a timely manner or providing false or fraudulent information may subject you to penalties.

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 section 6103. However, section 6103 allows or requires the Internal Revenue Service to disclose or give the information shown on your return to others as described in the Code. For example, we may disclose your tax information to the Department of Justice for civil and/or criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and territories for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

The time needed to complete and file these forms will vary depending on individual circumstances. The estimated average times are: Form W-2—30 minutes; Form W-3—28 minutes; Form W-2c—40 minutes; Form W-3c—51 minutes. If you have comments concerning the accuracy of these time estimates or suggestions for making these forms simpler, we would be happy to hear from you. You can send us comments from [IRS.gov/FormComments](#). Or you can write to the Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send Forms W-2 and W-3 to this address. Instead, see [Where to file paper Forms W-2 and W-3](#).

Form W-2 Reference Guide for Box 12 Codes

A	Uncollected social security or RRTA tax on tips	L	Substantiated employee business expense reimbursements	Y	Deferrals under a section 409A nonqualified deferred compensation plan
B	Uncollected Medicare tax on tips (but not Additional Medicare Tax)	M	Uncollected social security or RRTA tax on taxable cost of group-term life insurance over \$50,000 (former employees only)	Z	Income under a nonqualified deferred compensation plan that fails to satisfy section 409A
C	Taxable cost of group-term life insurance over \$50,000	N	Uncollected Medicare tax on taxable cost of group-term life insurance over \$50,000 (but not Additional Medicare Tax) (former employees only)	AA	Designated Roth contributions under a section 401(k) plan
D	Elective deferrals under a section 401(k) cash or deferred arrangement plan (including a SIMPLE 401(k) arrangement)	P	Excludable moving expense reimbursements paid directly to members of the Armed Forces	BB	Designated Roth contributions under a section 403(b) plan
E	Elective deferrals under a section 403(b) salary reduction agreement	Q	Nontaxable combat pay	DD	Cost of employer-sponsored health coverage
F	Elective deferrals under a section 408(k)(6) salary reduction SEP	R	Employer contributions to an Archer MSA	EE	Designated Roth contributions under a governmental section 457(b) plan
G	Elective deferrals and employer contributions (including nonelective deferrals) to a section 457(b) deferred compensation plan	S	Employee salary reduction contributions under a section 408(p) SIMPLE plan	FF	Permitted benefits under a qualified small employer health reimbursement arrangement
H	Elective deferrals to a section 501(c)(18)(D) tax-exempt organization plan	T	Adoption benefits	GG	Income from qualified equity grants under section 83(i)
J	Nontaxable sick pay	V	Income from exercise of nonstatutory stock option(s)	HH	Aggregate deferrals under section 83(i) elections as of the close of the calendar year
K	20% excise tax on excess golden parachute payments	W	Employer contributions (including employee contributions through a cafeteria plan) to an employee's health savings account (HSA)	II	Medicaid waiver payments excluded from gross income under Notice 2014-7

See [Box 12 Codes](#).

Form W-2 Box 13 Retirement Plan Checkbox Decision Chart

Type of Plan	Conditions	Check Retirement Plan Box?
Defined benefit plan (for example, a traditional pension plan)	Employee qualifies for employer funding into the plan, due to age/years of service—even though the employee may not be vested or ever collect benefits	Yes
Defined contribution plan (for example, a 401(k) or 403(b) plan, a Roth 401(k) or 403(b) account, but not a 457 plan)	Employee is eligible to contribute but does not elect to contribute any money in this tax year	No
Defined contribution plan (for example, a 401(k) or 403(b) plan, a Roth 401(k) or 403(b) account, but not a 457 plan)	Employee is eligible to contribute and elects to contribute money in this tax year	Yes
Defined contribution plan (for example, a 401(k) or 403(b) plan, a Roth 401(k) or 403(b) account, but not a 457 plan)	Employee is eligible to contribute but does not elect to contribute any money in this tax year, but the employer does contribute funds	Yes
Defined contribution plan (for example, a 401(k) or 403(b) plan, a Roth 401(k) or 403(b) account, but not a 457 plan)	Employee contributed in past years but not during the current tax year under report	No (even if the account value grows due to gains in the investments)
Profit-sharing plan	Plan includes a grace period after the close of the plan year when profit sharing can be added to the participant's account	Yes, unless the employer contribution is purely discretionary and no contribution is made by end of plan year

See [Box 13 Checkboxes](#).

Nonqualified Deferred Compensation Reporting Example Chart

Example	How to report on Form W-2
<p>Example 1—Deferral, immediately vested (no risk of forfeiture). Regular wages: \$200 Defer, vested: \$20 Employer match, vested: \$10</p>	<p>Box 1 = \$180 (\$200 – \$20) Boxes 3 and 5 = \$210 (\$200 + \$10) Box 11 = \$0</p>
<p>Example 2—Deferral, delayed vesting (risk of forfeiture) of employee and employer portions. Regular wages: \$200 Defer, not vested: \$20 Employer match, not vested: \$10</p>	<p>Box 1 = \$180 (\$200 – \$20) Boxes 3 and 5 = \$180 (\$200 – \$20) Box 11 = \$0</p>
<p>Example 3—Deferral, immediately vested. Prior-year deferrals and employer matches are now vesting. Regular wages: \$200 Defer, vested: \$20 Vesting of prior-year deferrals and employer matches: \$100 + \$15 (earnings on \$100)</p>	<p>Box 1 = \$180 (\$200 – \$20) Boxes 3 and 5 = \$315 (\$200 + \$100 + \$15) Box 11 = \$115 (\$100 + \$15)</p>
<p>Example 4—No deferrals, but there are distributions. No vesting of prior-year deferrals. Regular wages: \$100 Distribution: \$50</p>	<p>Box 1 = \$150 (\$100 + \$50) Boxes 3 and 5 = \$100 Box 11 = \$50</p>
<p>Special Rule for W-2 Box 11: Distributions and Deferrals in the Same Year—Form SSA-131</p>	<p>If, in the same year, there are NQDC distributions and deferrals that are reportable in boxes 3 and/or 5 (current or prior-year deferrals), do not complete box 11. Instead, report on Form SSA-131 the total amount the employee earned during the year. Generally, the amount earned by the employee during the tax year for purposes of item 6 of Form SSA-131 is the amount reported in box 1 of Form W-2 plus current-year deferrals that are vested (employee and employer portions) less distributions. Do not consider prior-year deferrals that are vesting in the current year. If there was a plan failure, the box 1 amount in this calculation should be as if there were no plan failure. Submit the Form SSA-131 to the nearest SSA office or give it to the employee.</p>
<p>Example 5—Deferral, immediately vested, and distributions. No vesting of prior-year deferrals. Regular wages: \$200 Defer, vested: \$20 Employer match, vested: \$10 Distribution: \$50</p>	<p>Box 1 = \$230 (\$200 – \$20 + \$50) Boxes 3 and 5 = \$210 (\$200 + \$10) Box 11 = \$0</p> <p>Form SSA-131 = \$210 (\$230 (box 1) – \$50 (distribution) + \$30 (vested employee and employer deferrals))</p>
<p>Example 6—Deferral, delayed vesting, and distributions. No vesting of prior-year deferrals. Regular wages: \$200 Defer, not vested: \$20 Distribution: \$50</p>	<p>Box 1 = \$230 (\$200 – \$20 + \$50) Boxes 3 and 5 = \$180 (\$200 – \$20) Box 11 = \$50</p>
<p>Example 7—Deferral, immediately vested, and distributions. Prior-year deferrals and employer matches are now vesting. Regular wages: \$200 Defer, vested: \$20 Distribution: \$50 Vesting of prior-year deferrals and employer matches: \$100 + \$15 (earnings on \$100)</p>	<p>Box 1 = \$230 (\$200 – \$20 + \$50) Boxes 3 and 5 = \$315 (\$200 + \$100 + \$15) Box 11 = \$0</p> <p>Form SSA-131 = \$200 (\$230 (box 1) – \$50 (distribution) + \$20 (vested deferral))</p>
<p>Example 8—Deferral, delayed vesting, and distributions. Prior-year deferrals and employer matches are now vesting. Regular wages: \$200 Defer, not vested: \$20 Distribution: \$50 Vesting of prior-year deferrals and employer matches: \$100 + \$15 (earnings on \$100)</p>	<p>Box 1 = \$230 (\$200 – \$20 + \$50) Boxes 3 and 5 = \$295 (\$200 – \$20 + \$100 + \$15) Box 11 = \$0</p> <p>Form SSA-131 = \$180 (\$230 (box 1) – \$50 (distribution))</p>

See [Nonqualified deferred compensation plans](#).

Nonqualified Deferred Compensation Reporting Example Chart—(Continued)

Example	How to report on Form W-2
<p>Special Rule for Payment of Social Security, Medicare, and Unemployment Taxes</p> <p>If the amount cannot be reasonably ascertained (the employer is unable to calculate an amount for a year by December 31), the employer can use two methods. For example, immediately vested employer contributions to NQDC made late in the year would have no effect on Form W-2, box 1, but they would affect FICA and FUTA taxes.</p>	<p><i>Estimated Method</i></p> <p>Under the estimated method, an employer may treat a reasonably estimated amount as wages paid on the last day of the calendar year (the “first year”). If the employer underestimates the amount deferred and, thereby, underdeposits social security, Medicare, or FUTA taxes, it can choose to treat the shortfall as wages either in the first year or the first quarter of the next year. The shortfall does not include income credited to the amount deferred after the first year. Conversely, if the amount deferred is overestimated, the employer can claim a refund or credit. If the employer chooses to treat the shortfall as wages in the first year, the employer must issue a Form W-2c. Also, the employer must correct the information on the Form 941 for the last quarter of the first year. In such a case, the shortfall will not be treated as a late deposit subject to penalty if it is deposited by the employer’s first regular deposit date following the first quarter of the next year.</p> <p><i>Lag Method</i></p> <p>Under the lag method, an employer may calculate the end-of-the-year amount on any date in the first quarter of the next calendar year. The amount deferred will be treated as wages on that date, and the amount deferred that would otherwise have been taken into account on the last day of the first year must be increased by income earned on that amount through the date on which the amount is taken into account.</p>
<p>Section 409A NQDC Plan Failure</p> <p>Example 9—Deferral, immediately vested. No distributions. Plan failure.</p> <p>Plan balance on January 1, 2010: \$325, vested</p> <p>Regular wages: \$100</p> <p>Defer, vested: \$50</p> <p>Employer match, vested: \$25</p> <p>Plan failure in 2010.</p>	<p>Box 12, code Z = \$400</p> <ul style="list-style-type: none"> • Amount in the plan account on December 31, 2010, not subject to risk of forfeiture and not included in prior-year income: \$400 (\$325 + \$50 + \$25) • Current-year distribution: \$0 • \$400 (\$0 + \$400) <p>Box 1 = \$450 (\$100 – \$50 + \$400)</p> <p>Boxes 3 and 5 = \$125 (\$100 + \$25)</p> <p>Box 11 = \$0</p> <p>Form SSA-131 = not required</p>
<p>Section 409A NQDC Plan Failure</p> <p>Example 10—Deferral, some delayed vesting, and distributions. Plan failure.</p> <p>Plan balance on January 1, 2010: \$250 vested; \$75 not vested</p> <p>Regular wages: \$100</p> <p>Defer, vested: \$50</p> <p>Employer match, not vested: \$25</p> <p>Distribution: \$200</p> <p>Plan failure in 2010.</p> <p>Vesting of prior-year deferrals and employer matches: \$0</p>	<p>Box 12, code Z = \$300</p> <ul style="list-style-type: none"> • Amount in the plan account on December 31, 2010, not subject to risk of forfeiture and not included in prior-year income: \$100 (\$250 + \$50 – \$200) • Current-year distribution: \$200 • \$100 + \$200 = \$300 <p>Box 1 = \$350 (\$100 – \$50 + \$300 (code Z amount, which already includes the distribution))</p> <p>Boxes 3 and 5 = \$100</p> <p>Box 11 = \$0</p> <p>Form SSA-131 = \$100 (\$250 (what box 1 would have been without plan failure) – \$200 (distribution) + \$50 (vested deferral))</p>

See [Nonqualified deferred compensation plans](#).

Index

501(c) non-governmental organizations [25, 30](#)

A

Additional Medicare Tax withheld [3, 12, 14, 19, 21, 22](#)

Adoption benefits [9, 19, 22](#)

Agent reporting [9](#)

Agricultural employers [11, 25, 30](#)

Allocated tips [20](#)

American Samoa [7](#)

Archer MSA [9, 18, 19, 22](#)

B

Bitcoin [15](#)

Box 14—Other [24](#)

Business Services Online (BSO) [3-6, 27](#)

C

Calendar year basis [17](#)

Clergy and religious workers [9](#)

Codes for box 12, Form W-2 [20, 29, 31](#)

Code A—Uncollected social security or RRTA tax on tips [21](#)

Code AA—Designated Roth contributions under a section 401(k) plan [23](#)

Code B—Uncollected Medicare tax on tips [21](#)

Code BB—Designated Roth contributions under a section 403(b) plan [23](#)

Code C—Taxable cost of group-term life insurance over \$50,000 [21](#)

Code D—Elective deferrals under section 401(k) cash or deferred arrangement (plan) [21](#)

Code DD—Cost of employer-sponsored health coverage [23](#)

Code E—Elective deferrals under a section 403(b) salary reduction agreement [21](#)

Code EE—Designated Roth contributions under a governmental section 457(b) plan [23](#)

Code F—Elective deferrals under a section 408(k)(6) salary reduction SEP [22](#)

Code FF—Permitted benefits under a qualified small employer health reimbursement arrangement [23](#)

Code G—Elective deferrals and employer contributions (including nonelective deferrals) to any governmental or nongovernmental section 457(b) deferred compensation plan [22](#)

Code GG—Income from qualified equity grants under section 83(i) [23](#)

Code H—Elective deferrals under section 501(c)(18)(D) tax-exempt organization plan [22](#)

Code HH—Aggregate deferrals under section 83(i) elections as of the close of the calendar year [24](#)

Code II—Medicaid waiver payments [24](#)

Code J—Nontaxable sick pay [22](#)

Code K—20% excise tax on excess golden parachute payments [22](#)

Code L—Substantiated employee business expense reimbursements [22](#)

Code M—Uncollected social security or RRTA tax on taxable cost of group-term life insurance over \$50,000 (for former employees). [22](#)

Code N—Uncollected Medicare tax on taxable cost of group-term life insurance over \$50,000 (for former employees) [22](#)

Code P—Excludable moving expense reimbursements paid directly to a member of the U.S. Armed Forces [22](#)

Code Q—Nontaxable combat pay [22](#)

Code R—Employer contributions to an Archer MSA [22](#)

Code S—Employee salary reduction contributions under a section 408(p) SIMPLE plan [22](#)

Code T—Adoption benefits [22](#)

Code V—Income from the exercise of nonstatutory stock option(s) [22](#)

Code W—Employer contributions to a health savings account (HSA) [22](#)

Code Y—Deferrals under a section 409A nonqualified deferred compensation plan [22](#)

Code Z—Income under section 409A on a nonqualified deferred compensation plan [22](#)

Common errors [6](#)

Commonwealth of the Northern Mariana Islands [8](#)

Control number [18, 25](#)

Corrections [4, 27, 28](#)

Corrections and VOID Forms W-2 [4, 17](#)

Cost of employer-sponsored health coverage [5, 23](#)

D

Deceased employee's wages [9](#)

Deferred compensation [26, 31](#)

Dependent care benefits [20, 26](#)

Designated Roth contributions [10, 18, 23](#)

Disability payments [4](#)

Due date(s) [7](#)

E

E-filing [4, 6, 27](#)

Earned income tax credit (EITC) notice [4](#)

Educational assistance programs [10, 18](#)

Election workers [11](#)

Elective deferrals [21, 22](#)

Electronic employee statements [4](#)

Employee business expense reimbursements [11, 18, 22](#)

Employee's name and address [18, 29](#)

Employee's taxes paid by employer [11, 18](#)

Employer identification number (EIN) [18, 25, 29, 31](#)

Employer's name and address [18, 25, 26, 29, 30](#)

Employment tax information [6](#)

Establishment number [25, 31](#)

Extensions [7, 8](#)

F

Federal employers in the CNMI [11, 25](#)

Federal income tax withheld [19](#)

Foreign agricultural workers [11](#)

Form 941 [25](#)

Form 941 or 941-SS [30](#)

Form 944 [5, 25, 30](#)

Form W-2 Copy 1 [7](#)

Forms W-2 for U.S. territories [5](#)

Fringe benefits [12, 18](#)

Furnishing Forms W-2 to employees [8](#)

G

General Instructions for Forms W-2 and W-3 [6](#)

General instructions for Forms W-2c and W-3c [27](#)

Golden parachute payments [12, 22](#)

Government employers [12, 25, 30](#)

Governmental section 457(b) plans [4](#)

Group-term life insurance [12, 19, 21](#)

Guam [7](#)

H

Health flexible spending arrangement (FSA) [3, 12](#)

Health savings account (HSA) [12, 22](#)

Help [6](#)

Household employers [7, 11, 25, 30](#)

How to complete a form [27](#)

How to complete Form W-2 [17](#)

How to complete Form W-3 [25](#)

How to get forms and publications [6](#)

I

Income tax withheld [29](#)

Individual taxpayer identification number (ITIN) [8, 17](#)

Information reporting customer service site [6](#)
Deaf or hard-of-hearing [6](#)

IRS.gov [6](#)

K

Kind of Employer [25, 30](#)

Kind of Payer [25, 30](#)

L

Lost Form W-2—reissued statement [13](#)

M

Medicaid waiver payments [3](#)

Medicare tax withheld [3, 14, 19](#)

Medicare wages and tips [19](#)

Military differential pay [13](#)

Military employers [20, 25, 30](#)

Military Spouses Residency Relief Act (MSRRA) [5](#)

Moving expenses [13, 22](#)

Multiple Forms W-2 issued to employee [17](#)

N

Nonqualified compensation plans [22](#)

Nonqualified deferred compensation plans [5, 13](#)

Nonqualified Deferred Compensation Reporting Example Chart [32, 33](#)

Nonqualified plans [20, 26](#)

Nonstatutory stock option(s) [22](#)

Nontaxable combat pay [22](#)

O

Other EIN [26](#)

P

Penalties [15](#)

Civil damages for fraudulent filing of Forms W-2 [17](#)

Exceptions to the penalty [16](#)

Failure to file correct information returns by the due date [16](#)

Failure to furnish correct payee statements [16](#)

Intentional disregard of filing requirements [16](#)

Intentional disregard of payee statement requirements [17](#)

Small businesses [16](#)

Privacy Act and Paperwork Reduction Act Notice [31](#)

Q

Qualified equity grants under section 83(i) [13](#)

Qualified small employer health reimbursement arrangement [23](#)

R

Railroad employers [14, 25, 30](#)

Reconciling Forms W-2, W-3, 941, 943, 944, CT-1, and Schedule H (Form 1040) [26](#)

Reference Guide for Form W-2 Box 12 Codes [31](#)

Rejected wage reports [3](#)

Repayments, wages received in error [14](#)

Retirement Plan Checkbox Decision Chart [32](#)

Retirement plans [24, 32](#)

S

Scholarship and fellowship grants [14](#)

SEP arrangements [15, 19](#)
Severance payments [5](#)
Shipping and mailing Form W-2 [8](#)
Sick pay [15, 22, 30, 31](#)
Signing bonuses [19](#)
SIMPLE IRA plans [15, 19, 22](#)
SIMPLE retirement account [15, 19, 22](#)
Social security number (SSN) [3, 8, 17, 29](#)
Social security tax withheld [19](#)
Social security tips [20](#)
Social security wages [19](#)
Special reporting situations for Form W-2 [9](#)
Special situations for Forms W-2c and W-3c [27](#)
Specific instructions for Form W-2 [17](#)
Specific instructions for Form W-2c [29](#)
Specific instructions for Form W-3 [25](#)
Specific instructions for Form W-3c [30](#)
State and local tax information [24](#)
State or local 501(c) organizations [25, 30](#)
State or local non-501(c) organizations [25, 30](#)

State or territorial ID number [26, 31](#)
Statutory employee [18, 24](#)
Substitute forms [5](#)
Successor/predecessor employers [15](#)

T

Taxpayer identification numbers (TINs) [8, 17](#)
Terminating a business [15](#)
Third-party sick pay [25, 26, 30, 31](#)
Third-party sick pay recap reporting [24](#)
Tier 1 railroad retirement (RRTA) tax [9, 14](#)
Tier 2 railroad retirement (RRTA) tax [9, 14](#)
Tips [18-21](#)
Total number of Forms W-2 [25](#)

U

U.S. territories [5, 7, 8](#)
Uncollected taxes on group-term life insurance [22](#)

Uncollected taxes on tips [21](#)
Undeliverable Forms W-2 [8, 27](#)
United States Virgin Islands [7](#)
USERRA contributions [15, 21, 24](#)

V

Virtual currency [15](#)
VOID Forms W-2 [17, 28](#)

W

Wages [18](#)
Waiver from e-filing [5](#)
When to file [7, 27](#)
When to furnish Forms W-2 to employees [8](#)
Where to file [7, 27](#)
Who may sign [7, 27, 31](#)
Who must file [6, 7](#)



Attention:

Copy A of this form is provided for informational purposes only. Copy A appears in red, similar to the official IRS form. The official printed version of Copy A of this IRS form is scannable, but the online version of it, printed from this website, is not. Do **not** print and file copy A downloaded from this website; a penalty may be imposed for filing with the IRS information return forms that can't be scanned. See part O in the current General Instructions for Certain Information Returns, available at [IRS.gov/Form1099](https://www.irs.gov/Form1099), for more information about penalties.

Please note that Copy B and other copies of this form, which appear in black, may be downloaded and printed and used to satisfy the requirement to provide the information to the recipient.

If you have 10 or more information returns to file, you may be required to file e-file. Go to [IRS.gov/InfoReturn](https://www.irs.gov/InfoReturn) for e-file options.

If you have fewer than 10 information returns to file, we strongly encourage you to e-file. If you want to file them on paper, you can place an order for the official IRS information returns, which include a scannable Copy A for filing with the IRS and all other applicable copies of the form, at [IRS.gov/EmployerForms](https://www.irs.gov/EmployerForms). We'll mail you the forms you request and their instructions, as well as any publications you may order.

See Publications [1141](#), [1167](#), and [1179](#) for more information about printing these forms.

9595

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PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents		OMB No. 1545-0115	Miscellaneous Information
		\$		Form 1099-MISC	
		2 Royalties		(Rev. January 2024)	
		\$		For calendar year _____	
		3 Other income		4 Federal income tax withheld	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the current General Instructions for Certain Information Returns.
		\$		\$	
PAYER'S TIN	RECIPIENT'S TIN	5 Fishing boat proceeds		6 Medical and health care payments	
		\$		\$	
RECIPIENT'S name		7 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>		8 Substitute payments in lieu of dividends or interest	
Street address (including apt. no.)		9 Crop insurance proceeds		10 Gross proceeds paid to an attorney	
		\$		\$	
City or town, state or province, country, and ZIP or foreign postal code		11 Fish purchased for resale		12 Section 409A deferrals	
		\$		\$	
		13 FATCA filing requirement <input type="checkbox"/>		14 Excess golden parachute payments	
		\$		\$	
Account number (see instructions)		2nd TIN not. <input type="checkbox"/>		15 Nonqualified deferred compensation	
		\$		\$	
		16 State tax withheld		17 State/Payer's state no.	18 State income
		\$		\$	\$
		\$		\$	\$

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PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents		OMB No. 1545-0115	
		\$		Form 1099-MISC	
		2 Royalties		(Rev. January 2024)	
		\$		For calendar year _____	
		3 Other income		4 Federal income tax withheld	
		\$		\$	
PAYER'S TIN	RECIPIENT'S TIN	5 Fishing boat proceeds		6 Medical and health care payments	
		\$		\$	
RECIPIENT'S name Street address (including apt. no.) City or town, state or province, country, and ZIP or foreign postal code		7 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>		8 Substitute payments in lieu of dividends or interest	
		\$		\$	
		9 Crop insurance proceeds		10 Gross proceeds paid to an attorney	
		\$		\$	
		11 Fish purchased for resale		12 Section 409A deferrals	
		\$		\$	
		13 FATCA filing requirement <input type="checkbox"/>		14 Excess golden parachute payments	
		\$		\$	
15 Nonqualified deferred compensation					
		\$		\$	
Account number (see instructions)		16 State tax withheld		17 State/Payer's state no.	
		\$			
		\$			
				18 State income	
				\$	
				\$	

Miscellaneous Information

**Copy 1
For State Tax
Department**

CORRECTED (if checked)

Miscellaneous Information

Copy B For Recipient

This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents \$	OMB No. 1545-0115 Form 1099-MISC (Rev. January 2024) For calendar year _____		
		2 Royalties \$			
		3 Other income \$	4 Federal income tax withheld \$		
PAYER'S TIN	RECIPIENT'S TIN	5 Fishing boat proceeds \$	6 Medical and health care payments \$		
RECIPIENT'S name Street address (including apt. no.) City or town, state or province, country, and ZIP or foreign postal code		7 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>	8 Substitute payments in lieu of dividends or interest \$		
		9 Crop insurance proceeds \$	10 Gross proceeds paid to an attorney \$		
		11 Fish purchased for resale \$	12 Section 409A deferrals \$		
Account number (see instructions)		13 FATCA filing requirement <input type="checkbox"/>	14 Excess golden parachute payments \$		15 Nonqualified deferred compensation \$
		16 State tax withheld \$	17 State/Payer's state no.		18 State income \$

Instructions for Recipient

Recipient's taxpayer identification number (TIN). For your protection, this form may show only the last four digits of your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN). However, the payer has reported your complete TIN to the IRS.

Account number. May show an account or other unique number the payer assigned to distinguish your account.

Amounts shown may be subject to self-employment (SE) tax. Individuals should see the Instructions for Schedule SE (Form 1040). Corporations, fiduciaries, or partnerships must report the amounts on the appropriate line of their tax returns.

Form 1099-MISC incorrect? If this form is incorrect or has been issued in error, contact the payer. If you cannot get this form corrected, attach an explanation to your tax return and report your information correctly.

Box 1. Report rents from real estate on Schedule E (Form 1040). However, report rents on Schedule C (Form 1040) if you provided significant services to the tenant, sold real estate as a business, or rented personal property as a business. See Pub. 527.

Box 2. Report royalties from oil, gas, or mineral properties; copyrights; and patents on Schedule E (Form 1040). However, report payments for a working interest as explained in the Schedule E (Form 1040) instructions. For royalties on timber, coal, and iron ore, see Pub. 544.

Box 3. Generally, report this amount on the "Other income" line of Schedule 1 (Form 1040) and identify the payment. The amount shown may be payments received as the beneficiary of a deceased employee, prizes, awards, taxable damages, Indian gaming profits, or other taxable income. See Pub. 525. If it is trade or business income, report this amount on Schedule C or F (Form 1040).

Box 4. Shows backup withholding or withholding on Indian gaming profits. Generally, a payer must backup withhold if you did not furnish your TIN. See Form W-9 and Pub. 505 for more information. Report this amount on your income tax return as tax withheld.

Box 5. Shows the amount paid to you as a fishing boat crew member by the operator, who considers you to be self-employed. Self-employed individuals must report this amount on Schedule C (Form 1040). See Pub. 334.

Box 6. For individuals, report on Schedule C (Form 1040).

Box 7. If checked, consumer products totaling \$5,000 or more were sold to you for resale, on a buy-sell, a deposit-commission, or other basis. Generally, report any income from your sale of these products on Schedule C (Form 1040).

Box 8. Shows substitute payments in lieu of dividends or tax-exempt interest received by your broker on your behalf as a result of a loan of your securities. Report on the "Other income" line of Schedule 1 (Form 1040).

Box 9. Report this amount on Schedule F (Form 1040).

Box 10. Shows gross proceeds paid to an attorney in connection with legal services. Report only the taxable part as income on your return.

Box 11. Shows the amount of cash you received for the sale of fish if you are in the trade or business of catching fish.

Box 12. May show current year deferrals as a nonemployee under a nonqualified deferred compensation (NQDC) plan that is subject to the requirements of section 409A plus any earnings on current and prior year deferrals.

Box 13. If the FATCA filing requirement box is checked, the payer is reporting on this Form 1099 to satisfy its account reporting requirement under chapter 4 of the Internal Revenue Code. You may also have a filing requirement. See the Instructions for Form 8938.

Box 14. Shows your total compensation of excess golden parachute payments subject to a 20% excise tax. See your tax return instructions for where to report.

Box 15. Shows income as a nonemployee under an NQDC plan that does not meet the requirements of section 409A. Any amount included in box 12 that is currently taxable is also included in this box. Report this amount as income on your tax return. This income is also subject to a substantial additional tax to be reported on Form 1040, 1040-SR, or 1040-NR. See the instructions for your tax return.

Boxes 16–18. Show state or local income tax withheld from the payments.

Future developments. For the latest information about developments related to Form 1099-MISC and its instructions, such as legislation enacted after they were published, go to www.irs.gov/Form1099MISC.

Free File Program. Go to www.irs.gov/FreeFile to see if you qualify for no-cost online federal tax preparation, e-filing, and direct deposit or payment options.

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PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents		OMB No. 1545-0115	
		\$		Form 1099-MISC	
		2 Royalties		(Rev. January 2024)	
		\$		For calendar year _____	
		3 Other income		4 Federal income tax withheld	
		\$		\$	
PAYER'S TIN	RECIPIENT'S TIN	5 Fishing boat proceeds		6 Medical and health care payments	
		\$		\$	
RECIPIENT'S name Street address (including apt. no.) City or town, state or province, country, and ZIP or foreign postal code		7 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>		8 Substitute payments in lieu of dividends or interest	
		\$		\$	
		9 Crop insurance proceeds		10 Gross proceeds paid to an attorney	
		\$		\$	
		11 Fish purchased for resale		12 Section 409A deferrals	
		\$		\$	
		13 FATCA filing requirement <input type="checkbox"/>		14 Excess golden parachute payments	
		\$		\$	
15 Nonqualified deferred compensation					
		\$		\$	
Account number (see instructions)		16 State tax withheld		17 State/Payer's state no.	
		\$			
		\$			
				18 State income	
				\$	
				\$	

Miscellaneous Information

Copy 2
To be filed with recipient's state income tax return, when required.



Attention:

Copy A of this form is provided for informational purposes only. Copy A appears in red, similar to the official IRS form. The official printed version of Copy A of this IRS form is scannable, but the online version of it, printed from this website, is not. Do **not** print and file copy A downloaded from this website; a penalty may be imposed for filing with the IRS information return forms that can't be scanned. See part O in the current General Instructions for Certain Information Returns, available at [IRS.gov/Form1099](https://www.irs.gov/Form1099), for more information about penalties.

Please note that Copy B and other copies of this form, which appear in black, may be downloaded and printed and used to satisfy the requirement to provide the information to the recipient.

If you have 10 or more information returns to file, you may be required to file e-file. Go to [IRS.gov/InfoReturn](https://www.irs.gov/InfoReturn) for e-file options.

If you have fewer than 10 information returns to file, we strongly encourage you to e-file. If you want to file them on paper, you can place an order for the official IRS information returns, which include a scannable Copy A for filing with the IRS and all other applicable copies of the form, at [IRS.gov/EmployerForms](https://www.irs.gov/EmployerForms). We'll mail you the forms you request and their instructions, as well as any publications you may order.

See Publications [1141](#), [1167](#), and [1179](#) for more information about printing these forms.

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PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	OMB No. 1545-0116
	Form 1099-NEC (Rev. January 2024)
	For calendar year _____

Nonemployee Compensation

PAYER'S TIN	RECIPIENT'S TIN	1 Nonemployee compensation \$	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the current General Instructions for Certain Information Returns.
RECIPIENT'S name		2 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>	
Street address (including apt. no.)		3	
City or town, state or province, country, and ZIP or foreign postal code		4 Federal income tax withheld \$	
Account number (see instructions)	2nd TIN not. <input type="checkbox"/>	5 State tax withheld \$	
		6 State/Payer's state no.	
		7 State income \$	

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PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		OMB No. 1545-0116
		Form 1099-NEC (Rev. January 2024)
		For calendar year _____

Nonemployee Compensation

PAYER'S TIN	RECIPIENT'S TIN	1 Nonemployee compensation \$	Copy 1 For State Tax Department
RECIPIENT'S name		2 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>	
Street address (including apt. no.)		3 	
City or town, state or province, country, and ZIP or foreign postal code		4 Federal income tax withheld \$	
Account number (see instructions)		5 State tax withheld \$	
		6 State/Payer's state no.	7 State income \$

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		OMB No. 1545-0116
		Form 1099-NEC (Rev. January 2024)
		For calendar year _____

Nonemployee Compensation

PAYER'S TIN	RECIPIENT'S TIN	1 Nonemployee compensation \$	Copy B For Recipient This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.	
RECIPIENT'S name		2 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>		
Street address (including apt. no.)		3		
City or town, state or province, country, and ZIP or foreign postal code		4 Federal income tax withheld \$		
Account number (see instructions)		5 State tax withheld \$		6 State/Payer's state no.
		7 State income \$		
		\$		\$

Instructions for Recipient

You received this form instead of Form W-2 because the payer did not consider you an employee and did not withhold income tax or social security and Medicare tax.

If you believe you are an employee and cannot get the payer to correct this form, report the amount shown in box 1 on the line for "Wages, salaries, tips, etc." of Form 1040, 1040-SR, or 1040-NR. You must also complete Form 8919 and attach it to your return. For more information, see Pub. 1779, Independent Contractor or Employee.

If you are not an employee but the amount in box 1 is not self-employment (SE) income (for example, it is income from a sporadic activity or a hobby), report the amount shown in box 1 on the "Other income" line (on Schedule 1 (Form 1040)).

Recipient's taxpayer identification number (TIN). For your protection, this form may show only the last four digits of your TIN (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)). However, the issuer has reported your complete TIN to the IRS.

Account number. May show an account or other unique number the payer assigned to distinguish your account.

Box 1. Shows nonemployee compensation. If the amount in this box is SE income, report it on Schedule C or F (Form 1040) if a sole proprietor, or on Form 1065 and Schedule K-1 (Form 1065) if a partnership, and the recipient/partner completes Schedule SE (Form 1040).

Note: If you are receiving payments on which no income, social security, and Medicare taxes are withheld, you should make estimated tax payments. See Form 1040-ES (or Form 1040-ES (NR)). Individuals must report these amounts as explained in these box 1 instructions. Corporations, fiduciaries, and partnerships must report these amounts on the appropriate line of their tax returns.

Box 2. If checked, consumer products totaling \$5,000 or more were sold to you for resale, on a buy-sell, a deposit-commission, or other basis. Generally, report any income from your sale of these products on Schedule C (Form 1040).

Box 3. Reserved for future use.

Box 4. Shows backup withholding. A payer must backup withhold on certain payments if you did not give your TIN to the payer. See Form W-9, Request for Taxpayer Identification Number and Certification, for information on backup withholding. Include this amount on your income tax return as tax withheld.

Boxes 5–7. State income tax withheld reporting boxes.

Future developments. For the latest information about developments related to Form 1099-NEC and its instructions, such as legislation enacted after they were published, go to www.irs.gov/Form1099NEC.

Free File Program. Go to www.irs.gov/FreeFile to see if you qualify for no-cost online federal tax preparation, e-filing, and direct deposit or payment options.

VOID CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		OMB No. 1545-0116
		Form 1099-NEC (Rev. January 2024)
		For calendar year _____

Nonemployee Compensation

PAYER'S TIN	RECIPIENT'S TIN	1 Nonemployee compensation \$	Copy 2 To be filed with recipient's state income tax return, when required.
RECIPIENT'S name		2 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>	
Street address (including apt. no.)		3 	
City or town, state or province, country, and ZIP or foreign postal code		4 Federal income tax withheld \$	
Account number (see instructions)		5 State tax withheld \$	
		6 State/Payer's state no.	7 State income \$



Instructions for Forms 1099-MISC and 1099-NEC

(Rev. January 2024)

Miscellaneous Information and Nonemployee Compensation

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

Future Developments

For the latest information about developments related to Forms 1099-MISC and 1099-NEC and their instructions, such as legislation enacted after they were published, go to [IRS.gov/Form1099MISC](https://www.irs.gov/Form1099MISC) or [IRS.gov/Form1099NEC](https://www.irs.gov/Form1099NEC).

What's New

E-filing returns. The Taxpayer First Act of 2019 authorized the Department of the Treasury and the IRS to issue regulations that reduce the 250-return e-file threshold. TD 9972, published February 23, 2023, lowered the e-file threshold to 10 (calculated by aggregating all information returns), effective for information returns required to be filed on or after January 1, 2024. Go to [IRS.gov/InfoReturn](https://www.irs.gov/InfoReturn) for e-file options.

Reminders

General instructions. In addition to these specific instructions, you should also use the current year General Instructions for Certain Information Returns. Those general instructions include information about the following topics.

- Who must file.
- When and where to file.
- Electronic reporting.
- Corrected and void returns.
- Statements to recipients.
- Taxpayer identification numbers (TINs).
- Backup withholding.
- Penalties.
- The definitions of terms applicable for the purposes of chapter 4 of the Internal Revenue Code that are referenced in these instructions.
- Other general topics.

You can get the general instructions from [General Instructions for Certain Information Returns](https://www.irs.gov/GeneralInstructions) at [IRS.gov/1099GeneralInstructions](https://www.irs.gov/1099GeneralInstructions) or go to [IRS.gov/Form1099MISC](https://www.irs.gov/Form1099MISC) or [IRS.gov/Form1099NEC](https://www.irs.gov/Form1099NEC).

Continuous-use form and instructions. Form 1099-MISC, Form 1099-NEC, and these instructions are continuous use. Both the forms and instructions will be updated as needed. For the most recent version, go to [IRS.gov/Form1099MISC](https://www.irs.gov/Form1099MISC) or [IRS.gov/Form1099NEC](https://www.irs.gov/Form1099NEC).

Form 1099-NEC, box 1. Box 1 will not be used for reporting under section 6050R, regarding cash payments for the purchase of fish for resale purposes.

Form 1099-NEC, box 2. Payers may use either box 2 on Form 1099-NEC or box 7 on Form 1099-MISC to report any sales totaling \$5,000 or more of consumer products for resale, on a buy-sell, a deposit-commission, or any other basis. For further information, see the instructions, later, for [box 2](#) (Form 1099-NEC) or [box 7](#) (Form 1099-MISC).

Online fillable copies. To ease statement furnishing requirements, Copies B, 1, and 2 have been made fillable online in a PDF format available at [IRS.gov/Form1099MISC](https://www.irs.gov/Form1099MISC) and [IRS.gov/Form1099NEC](https://www.irs.gov/Form1099NEC). You can complete these copies online for furnishing statements to recipients and for retaining in your own files.

Filing dates. Section 6071(c) requires you to file Form 1099-NEC on or before January 31, using either paper or electronic filing procedures. File Form 1099-MISC by February 28, if you file on paper, or March 31, if you file electronically.

Specific Instructions for Form 1099-MISC

File Form 1099-MISC, Miscellaneous Information, for each person in the course of your business to whom you have paid the following during the year.

- At least \$10 in royalties (see the instructions for [box 2](#)) or broker payments in lieu of dividends or tax-exempt interest (see the instructions for [box 8](#)).
- At least \$600 in:
 1. Rents ([box 1](#));
 2. Prizes and awards ([box 3](#));
 3. Other income payments ([box 3](#));
 4. Generally, the cash paid from a notional principal contract to an individual, partnership, or estate ([box 3](#));
 5. Any fishing boat proceeds ([box 5](#));
 6. Medical and health care payments ([box 6](#));
 7. Crop insurance proceeds ([box 9](#));
 8. Gross proceeds paid to an attorney ([box 10](#)) (see [Payments to attorneys](#), later);
 9. Section 409A deferrals ([box 12](#)); or
 10. Nonqualified deferred compensation ([box 15](#)).

You may either file Form 1099-MISC ([box 7](#)) or Form 1099-NEC ([box 2](#)) to report sales totaling \$5,000 or more of consumer products to a person on a buy-sell, a deposit-commission, or other commission basis for resale.



If you use Form 1099-NEC to report sales totaling \$5,000 or more, then you are required to file Form 1099-NEC with the IRS by January 31.

You must also file Form 1099-MISC for each person from whom you have withheld any federal income tax (report in [box 4](#)) under the backup withholding rules regardless of the amount of the payment.



Be sure to report each payment in the proper box because the IRS uses this information to determine whether the recipient has properly reported the payment.

Trade or business reporting only. Report on Form 1099-MISC only when payments are made in the course of your trade or business. Personal payments are not reportable. You are engaged in a trade or business if you operate for gain or profit. However, nonprofit organizations are considered to be engaged in a trade or business and are subject to these reporting requirements. Other organizations subject to these reporting requirements include trusts of qualified pension or profit-sharing plans of employers, certain organizations exempt from tax under section 501(c) or (d), farmers' cooperatives that are exempt from tax under section 521, and widely held fixed investment trusts. Payments by federal, state, or local government agencies are also reportable.

Reportable payments to corporations. The following payments made to corporations must generally be reported on Form 1099-MISC.

- Cash payments for the purchase of fish for resale reported in [box 11](#).
- Medical and health care payments reported in [box 6](#).
- Substitute payments in lieu of dividends or tax-exempt interest reported in [box 8](#).
- Gross proceeds paid to an attorney reported in [box 10](#).

Payments to attorneys. The term "attorney" includes a law firm or other provider of legal services. Attorneys' fees of \$600 or more paid in the course of your trade or business are reportable in [box 1](#) of Form 1099-NEC, under section 6041A(a)(1).

Gross proceeds paid to attorneys. Under section 6045(f), report in [box 10](#) payments that:

- Are made to an attorney in the course of your trade or business in connection with legal services, but not for the attorney's services, for example, as in a settlement agreement;
- Total \$600 or more; and
- Are not reportable by you in [box 1](#) of Form 1099-NEC.

Generally, you are not required to report the claimant's attorney's fees. For example, an insurance company pays a claimant's attorney \$100,000 to settle a claim. The insurance company reports the payment as gross proceeds of \$100,000 in [box 10](#). However, the insurance company does not have a reporting requirement for the claimant's attorney's fees subsequently paid from these funds.

These rules apply whether or not:

- The legal services are provided to the payer;
- The attorney is the exclusive payee (for example, the attorney's and claimant's names are on one check); or
- Other information returns are required for some or all of a payment under another section of the Code, such as section 6041.

For example, a person who, in the course of a trade or business, pays \$600 of taxable damages to a claimant by paying that amount to a claimant's attorney is required to:

- Furnish Form 1099-MISC to the claimant, reporting damages pursuant to section 6041, generally in [box 3](#); and
- Furnish Form 1099-MISC to the claimant's attorney, reporting gross proceeds paid pursuant to section 6045(f) in [box 10](#).

For more examples and exceptions relating to payments to attorneys, see Regulations section 1.6045-5.

However, these rules do not apply to wages paid to attorneys that are reportable on Form W-2, Wage and Tax Statement, or to profits distributed by a partnership to its partners that are reportable on Schedule K-1 (Form 1065).

Payments to corporations for legal services. The exemption from reporting payments made to corporations does not apply to payments for legal services. Therefore, you must report attorneys' fees (in [box 1](#) of Form 1099-NEC) or gross proceeds (in [box 10](#) of Form 1099-MISC), as described earlier, to corporations that provide legal services.

Taxpayer identification numbers (TINs). To report payments to an attorney on Form 1099-MISC, you must obtain the attorney's TIN. You may use Form W-9 to obtain the attorney's TIN. An attorney is required to promptly supply its TIN whether it is a corporation or other entity, but the attorney is not required to certify its TIN. If the attorney fails to provide its TIN, the attorney may be subject to a penalty under section 6723 and its regulations, and you must backup withhold on the reportable payments.

Deceased employee's wages. When an employee dies during the year, you must report the accrued wages, vacation pay, and other compensation paid after the date of death. If you made the payment in the same year the employee died, you must withhold social security and Medicare taxes on the payment and report them only as social security and Medicare wages on the employee's Form W-2 to ensure that proper social security and Medicare credit is received. On the Form W-2, show the payment as social security wages ([box 3](#)) and Medicare wages and tips ([box 5](#)) and the social security and Medicare taxes withheld in [boxes 4 and 6](#); do not show the payment in [box 1](#) of Form W-2.

If you made the payment after the year of death, do not report it on Form W-2 and do not withhold social security and Medicare taxes.

Whether the payment is made in the year of death or after the year of death, you must also report the payment to the estate or beneficiary on Form 1099-MISC. Report the payment in [box 3](#) (rather than as nonemployee compensation). See the [Example](#) that follows. Enter the name and TIN of the payment recipient on Form 1099-MISC. For example, if the recipient is an individual beneficiary, enter the name and social security number of the individual; if the recipient is the estate, enter the name and employer identification number of the estate. The general backup withholding rules apply to this payment.

Death benefits from nonqualified deferred compensation plans or section 457 plans paid to the estate or beneficiary of a deceased employee are reportable on Form 1099-MISC.

Do not report these death benefits on Form 1099-R.

However, if the benefits are from a qualified plan, report them on Form 1099-R. See the Instructions for Forms 1099-R and 5498.

Example. Before Bailey's death on June 15, 2022, Bailey was employed and Bailey received \$10,000 in wages on which federal income tax of \$1,500 was withheld. When Bailey died, Bailey's employer owed Bailey \$2,000 in wages and \$1,000 in accrued vacation pay. The total of \$3,000 (less the social security and Medicare taxes withheld) was paid to Bailey's estate on July 20, 2022. Because Bailey's employer made the payment during the year of death, Bailey's employer must withhold social security and Medicare taxes on the \$3,000 payment and must complete Form W-2 as follows.

- [Box 1](#)—10000.00 (does not include the \$3,000 accrued wages and vacation pay).
- [Box 2](#)—1500.00.
- [Box 3](#)—13000.00 (includes the \$3,000 accrued wages and vacation pay).
- [Box 4](#)—806.00 (social security tax withheld).

- Box 5—13000.00 (includes the \$3,000 accrued wages and vacation pay).
- Box 6—188.50 (Medicare tax withheld).

Bailey's employer must also complete Form 1099-MISC as follows.

- Boxes for recipient's name, address, and TIN—The estate's or beneficiary's name, address, and TIN.
- Box 3—3000.00 (Even though amounts were withheld for social security and Medicare taxes, the gross amount is reported here.)

If Bailey's employer made the payment after the year of death, the \$3,000 would not be subject to social security and Medicare taxes and would not be shown on Form W-2. However, Bailey's employer would still file Form 1099-MISC.

Payments made on behalf of another person. For payments reportable under section 6041, if you make a payment on behalf of another person who is the source of the funds, you may be responsible for filing Form 1099-MISC. You are the payor for information reporting purposes if you perform management or oversight functions in connection with the payment, or have a significant economic interest in the payment (such as a lien). For example, a bank that provides financing to a real estate developer for a construction project maintains an account from which it makes payments for services in connection with the project. The bank performs management and oversight functions over the payments and is responsible for filing information returns for payments of \$600 or more paid to contractors. For more information, see Regulations section 1.6041-1(e).

Indian gaming profits, payments to tribal members. If you make payments to members of Indian tribes from the net revenues of class II or class III gaming activities conducted or licensed by the tribes, you must withhold federal income tax on such payments. File Form 1099-MISC to report the payments and withholding to tribal members. Report the payments in [box 3](#) and the federal income tax withheld in [box 4](#). [Pub. 15-A](#) contains the necessary Tables for Withholding on Distributions of Indian Gaming Profits to Tribal Members.

State or local sales taxes. If state or local sales taxes are imposed on the service provider and you (as the buyer) pay them to the service provider, report them on Form 1099-MISC as part of the reportable payment. However, if sales taxes are imposed on you (as the buyer) and collected from you by the service provider, do not report the sales taxes on Form 1099-MISC.

Exceptions

Some payments do not have to be reported on Form 1099-MISC, although they may be taxable to the recipient. Payments for which a Form 1099-MISC is not required include all of the following.

- Generally, payments to a corporation (including a limited liability company (LLC) that is treated as a C or S corporation). However, see [Reportable payments to corporations](#), earlier.
- Payments for merchandise, telegrams, telephone, freight, storage, and similar items.
- Payments of rent to real estate agents or property managers. However, the real estate agent or property manager must use Form 1099-MISC to report the rent paid over to the property owner. See Regulations section 1.6041-3(d); Regulations section 1.6041-1(e)(5), Example 5; and the instructions for [box 1](#).

- Wages paid to employees (report on Form W-2).
- Military differential wage payments made to employees while they are on active duty in the U.S. Armed Forces or other uniformed services (report on Form W-2).
- Business travel allowances paid to employees (may be reportable on Form W-2).
- Cost of current life insurance protection (report on Form W-2 or Form 1099-R).
- Payments to a tax-exempt organization including tax-exempt trusts (IRAs, HSAs, Archer MSAs, Coverdell ESAs, and ABLA (529A) accounts), the United States, a state, the District of Columbia, a U.S. territory, or a foreign government.
- Payments made to or for homeowners from the HFA Hardest Hit Fund or similar state program (report on Form 1098-MA).
- Compensation for injuries or sickness by the Department of Justice as a public safety officer (PSO) disability or survivor's benefit, or under a state program that provides benefits for surviving dependents of a PSO who has died as the direct and proximate result of a personal injury sustained in the line of duty.
- Compensation for wrongful incarceration for any criminal offense for which there was a conviction under federal or state law. See section 139F, Certain amounts received by wrongfully incarcerated individuals.

Form 1099-K. Payments made with a credit card or payment card and certain other types of payments, including third-party network transactions, must be reported on Form 1099-K by the payment settlement entity under section 6050W and are not subject to reporting on Form 1099-MISC. See the separate Instructions for Form 1099-K.

Fees paid to informers. A payment to an informer as an award, fee, or reward for information about criminal activity does not have to be reported if the payment is made by a federal, state, or local government agency, or by a nonprofit organization exempt from tax under section 501(c)(3) that makes the payment to further the charitable purpose of lessening the burdens of government. For more information, see Regulations section 1.6041-3(l).

Scholarships. Do not use Form 1099-MISC to report scholarship or fellowship grants. Scholarship or fellowship grants that are taxable to the recipient because they are paid for teaching, research, or other services as a condition for receiving the grant are considered wages and must be reported on Form W-2. Other taxable scholarship or fellowship payments (to a degree or nondegree candidate) do not have to be reported to the IRS on any form, unless section 6050S requires reporting of such amounts by an educational institution on Form 1098-T. See section 117(b)–(d) and Regulations section 1.6041-3(n) for more information.

Canceled debt. A canceled debt is not reportable on Form 1099-MISC. Canceled debts reportable under section 6050P must be reported on Form 1099-C. See the Instructions for Forms 1099-A and 1099-C.

Employee business expense reimbursements. Do not use Form 1099-MISC to report employee business expense reimbursements. Report payments made to employees under a nonaccountable plan as wages on Form W-2. Generally, payments made to employees under an accountable plan are not reportable on Form W-2, except in certain cases when you pay a per diem or mileage allowance. For more information, see the [General Instructions for Forms W-2 and W-3](#), and [Pub. 463](#). For information on reporting employee

moving expense reimbursements on Form W-2, see the [General Instructions for Forms W-2 and W-3](#).

Widely held fixed investment trusts (WHFITs). Trustees and middlemen of WHFITs must report items of gross income attributable to a trust income holder (TIH) on the appropriate Form 1099. A tax information statement that includes the information provided to the IRS on Forms 1099, as well as additional information identified in Regulations section 1.671-5(e), must be furnished to TIHs. For details, see the current year General Instructions for Certain Information Returns.

Statements to Recipients

If you are required to file Form 1099-MISC, you must furnish a statement to the recipient. For more information about the requirement to furnish a statement to each recipient, and truncation, see part M in the current year General Instructions for Certain Information Returns.

You can furnish each recipient with a single payee statement reporting all Form 1099-MISC payment types. You are required to furnish the payee statements by January 31 and file with the IRS by February 28 (March 31, if filing electronically).

Truncating recipient's TIN on payee statements.

Pursuant to Regulations section 301.6109-4, all filers of this form may truncate a recipient's TIN (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A payer's TIN may not be truncated on any form. See part J in the current year General Instructions for Certain Information Returns.

2nd TIN Not.

You may enter an "X" in this box if you were notified by the IRS twice within 3 calendar years that the payee provided an incorrect TIN. If you mark this box, the IRS will not send you any further notices about this account.

However, if you received both IRS notices in the same year, or if you received them in different years but they both related to information returns filed for the same year, do not check the box at this time. For purposes of the two-notices-in-3-years rule, you are considered to have received one notice and you are not required to send a second "B" notice to the taxpayer on receipt of the second notice. See part N in the current year General Instructions for Certain Information Returns for more information.



For information on the TIN Matching System offered by the IRS, see the current year General Instructions for Certain Information Returns.

Corrections to Form 1099-MISC

If you need to correct a Form 1099-MISC that you have already sent to the IRS:

- For paper forms, see part H in the current year General Instructions for Certain Information Returns; or
- For electronic corrections, see Pub. 1220.



If you are filing a correction on a paper form, do not check the VOID box on the form. A checked VOID box alerts IRS scanning equipment to ignore the form and proceed to the next one. Your correction will not be entered into IRS records if you check the VOID box.

Recipient's TIN

Enter the recipient's TIN using hyphens in the proper format. SSNs, ITINs, and ATINs should be in the XXX-XX-XXXX format. EINs should be in the XX-XXXXXXX format.



You should make every effort to ensure that you have the correct type of number reported in the correct format.

Account Number

The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 1099-MISC. The account number is also required if you check the "FATCA filing requirement" box. See [Box 13](#), later. Additionally, the IRS encourages you to designate an account number for all Forms 1099-MISC that you file. See part L in the current year General Instructions for Certain Information Returns.

Box 1. Rents

Enter amounts of \$600 or more for all types of rents, such as any of the following.

- Real estate rentals paid for office space. However, you do not have to report these payments on Form 1099-MISC if you paid them to a real estate agent or property manager. But the real estate agent or property manager must use Form 1099-MISC to report the rent paid over to the property owner. See Regulations section 1.6041-3(d) and Regulations section 1.6041-1(e)(5), Example 5.
- Machine rentals (for example, renting a bulldozer to level your parking lot). If the machine rental is part of a contract that includes both the use of the machine and the operator, prorate the rental between the rent of the machine (report that in box 1) and the operator's charge (report that on Form 1099-NEC in [box 1](#)).
- Pasture rentals (for example, farmers paying for the use of grazing land).

Public housing agencies must report in box 1 rental assistance payments made to owners of housing projects. See Rev. Rul. 88-53, 1988-1 C.B. 384.

Coin-operated amusements. If an arrangement between an owner of coin-operated amusements and an owner of a business establishment where the amusements are placed is a lease of the amusements or the amusement space, the owner of the amusements or the owner of the space, whoever makes the payments, must report the lease payments in box 1 of Form 1099-MISC if the payments total at least \$600. However, if the arrangement is a joint venture, the joint venture must file a Form 1065, U.S. Return of Partnership Income, and provide each partner with the information necessary to report the partner's share of the taxable income. Coin-operated amusements include video games, pinball machines, jukeboxes, pool tables, slot machines, and other machines and gaming devices operated by coins or tokens inserted into the machines by individual users. For more information, see Rev. Rul. 92-49, 1992-1 C.B. 433.

Box 2. Royalties

Enter gross royalty payments (or similar amounts) of \$10 or more. Report royalties from oil, gas, or other mineral properties before reduction for severance and other taxes that may have been withheld and paid. Do not include surface royalties. They should be reported in [box 1](#). Do not report oil or gas payments for a working interest in box 2;

report payments for working interests in [box 1](#) of Form 1099-NEC. Do not report timber royalties made under a pay-as-cut contract; report these timber royalties on Form 1099-S.

Use box 2 to report royalty payments from intangible property such as patents, copyrights, trade names, and trademarks. Report the gross royalties (before reduction for fees, commissions, or expenses) paid by a publisher directly to an author or literary agent, unless the agent is a corporation. The literary agent (whether or not a corporation) that receives the royalty payment on behalf of the author must report the gross amount of royalty payments to the author on Form 1099-MISC whether or not the publisher reported the payment to the agent on its Form 1099-MISC.

Box 3. Other Income

Enter other income of \$600 or more required to be reported on Form 1099-MISC that is not reportable in one of the other boxes on the form.

Also enter in box 3 prizes and awards that are not for services performed. Include the fair market value (FMV) of merchandise won on game shows. Also include amounts paid to a winner of a sweepstakes not involving a wager. If a wager is made, report the winnings on Form W-2G.

TIP *If, not later than 60 days after the winner becomes entitled to the prize, the winner can choose the option of a lump sum or an annuity payable over at least 10 years, the payment of winnings is considered made when actually paid. If the winner chooses an annuity, file Form 1099-MISC each year to report the annuity paid during that year.*

Do not include wages, any bonuses, prizes, and awards paid to your employees. Report these on Form W-2. Do not include in box 3 prizes and awards for services performed by nonemployees, such as an award for the top commission salesperson. Report them in [box 1](#) of Form 1099-NEC.

Prizes and awards received in recognition of past accomplishments in religious, charitable, scientific, artistic, educational, literary, or civic fields are not reportable if:

- The winners are chosen without action on their part,
- The winners are not expected to perform future services, and
- The payer transfers the prize or award to a charitable organization or governmental unit under a designation made by the recipient. See Rev. Proc. 87-54, 1987-2 C.B. 669.

Other items required to be reported in box 3 include the following.

1. Payments as explained earlier under [Deceased employee's wages](#).
2. Payments as explained earlier under [Indian gaming profits, payments to tribal members](#).
3. A payment or series of payments made to individuals for participating in a medical research study or studies.
4. Termination payments to former self-employed insurance salespeople. These payments are not subject to self-employment tax and are reportable in box 3 (rather than [box 1](#) of Form 1099-NEC) if all the following apply.

a. The payments are received from an insurance company because of services performed as an insurance salesperson for the company.

b. The payments are received after termination of the salesperson's agreement to perform services for the company.

c. The salesperson did not perform any services for the company after termination and before the end of the year.

d. The salesperson enters into a covenant not to compete against the company for at least 1 year after the date of termination.

e. The amount of the payments depends primarily on policies sold by the salesperson or credited to the salesperson's account during the last year of the service agreement or to the extent those policies remain in force for some period after termination, or both.

f. The amount of the payments does not depend at all on length of service or overall earnings from the company (regardless of whether eligibility for payment depends on length of service).

If the termination payments do not meet all these requirements, report them in [box 1](#) of Form 1099-NEC.

5. Generally, all punitive damages, any damages for nonphysical injuries or sickness, and any other taxable damages. Report punitive damages even if they relate to physical injury or physical sickness. Generally, report all compensatory damages for nonphysical injuries or sickness, such as employment discrimination or defamation. However, do not report damages (other than punitive damages):

- a. Received on account of personal physical injuries or physical sickness;
- b. That do not exceed the amount paid for medical care for emotional distress;
- c. Received on account of nonphysical injuries (for example, emotional distress) under a written binding agreement, court decree, or mediation award in effect on or issued by September 13, 1995; or
- d. That are for a replacement of capital, such as damages paid to a buyer by a contractor who failed to complete construction of a building.

Damages received on account of emotional distress, including physical symptoms such as insomnia, headaches, and stomach disorders, are not considered received for a physical injury or physical sickness and are reportable unless described in item 5b or 5c above. However, damages received on account of emotional distress due to physical injuries or physical sickness are not reportable.

Also report liquidated damages received under the Age Discrimination in Employment Act of 1967.

TIP *Taxable back pay damages may be wages and reportable on Form W-2. See [Pub. 957](#).*

Foreign agricultural workers. Report in box 3 compensation of \$600 or more paid in a calendar year to an H-2A visa agricultural worker who did not give you a valid TIN. You must also withhold federal income tax under the backup withholding rules. For more information, go to [IRS.gov](#) and enter "foreign agricultural workers" in the search box.

Account reported under FATCA. If you are an foreign financial institution (FFI) reporting pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A) a U.S. account required to be reported under chapter 4 to which during the year you made no payments reportable on an

applicable Form 1099, enter zero in box 3. In addition, if you are an FFI described in the preceding sentence and, during the year, you made payments to the account required to be reported under chapter 4, but those payments are not reportable on an applicable Form 1099 (for example, because the payment is under the applicable reporting threshold), you must report the account on this Form 1099-MISC and enter zero in box 3.

Box 4. Federal Income Tax Withheld

Enter backup withholding. For example, persons who have not furnished their TINs to you are subject to withholding on payments required to be reported in boxes 1, 2 (net of severance taxes), 3, 5 (only with respect to cash payments to crew members for their share of proceeds from the catch), 6, 8, 9, and 10. For more information on backup withholding, including the rate, see part N in the current year General Instructions for Certain Information Returns.

Also enter any income tax withheld from payments to members of Indian tribes from the net revenues of class II or class III gaming activities conducted or licensed by the tribes.

Box 5. Fishing Boat Proceeds

If you are the operator of a fishing boat, enter the individual's share of all proceeds from the sale of a catch or the FMV of a distribution in kind to each crew member of fishing boats with normally fewer than 10 crew members. A fishing boat has normally fewer than 10 crew members if the average size of the operating crew was fewer than 10 on trips during the preceding 4 calendar quarters.

In addition, report cash payments of up to \$100 per trip that are contingent on a minimum catch and are paid solely for additional duties (such as mate, engineer, or cook) for which additional cash payments are traditional in the industry. However, do not report on Form 1099-MISC any wages reportable on Form W-2.

Box 6. Medical and Health Care Payments

Enter payments of \$600 or more made in the course of your trade or business to each physician or other supplier or provider of medical or health care services. Include payments made by medical and health care insurers under health, accident, and sickness insurance programs. If payment is made to a corporation, list the corporation as the recipient rather than the individual providing the services. Payments to persons providing health care services often include charges for injections, drugs, dentures, and similar items. In these cases, the entire payment is subject to information reporting. You are not required to report payments to pharmacies for prescription drugs.

The exemption from issuing Form 1099-MISC to a corporation does not apply to payments for medical or health care services provided by corporations, including professional corporations. However, you are not required to report payments made to a tax-exempt hospital or extended care facility or to a hospital or extended care facility owned and operated by the United States (or its territories), a state, the District of Columbia, or any of their political subdivisions, agencies, or instrumentalities.



Generally, payments made under a flexible spending arrangement (as defined in section 106(c)(2)) or a health reimbursement arrangement, which is treated as employer-provided coverage under an accident or health plan for purposes of section 106 are exempt from the reporting requirements of section 6041.

Box 7. Payer Made Direct Sales Totaling \$5,000 or More

Enter an "X" in the checkbox for sales by you totaling \$5,000 or more of consumer products to a person on a buy-sell, deposit-commission, or other commission basis for resale (by the buyer or any other person) anywhere other than in a permanent retail establishment. Do not enter a dollar amount in this box.

You may either use box 7 on Form 1099-MISC or [box 2](#) on Form 1099-NEC to report the direct sales totaling \$5,000 or more. If you use Form 1099-NEC to report these sales, then you are required to file the Form 1099-NEC with the IRS by January 31.



Report these sales on only one form.

The report you must give to the recipient for these direct sales need not be made on the official form. It may be in the form of a letter showing this information along with commissions, prizes, awards, etc.

Box 8. Substitute Payments in Lieu of Dividends or Interest

Enter aggregate payments of at least \$10 of substitute payments received by a broker for a customer in lieu of dividends or tax-exempt interest as a result of a loan of a customer's securities. Substitute payment means a payment in lieu of:

1. A dividend, or
2. Tax-exempt interest to the extent that interest (including original issue discount) has accrued while the securities were on a loan.

For this purpose, a customer includes an individual, trust, estate, partnership, association, company, or corporation. See Notice 2003-67, which is on page 752 of Internal Revenue Bulletin 2003-40 at [IRS.gov/irb/2003-40_IRB#NOT-2003-67](https://www.irs.gov/irb/2003-40_IRB#NOT-2003-67). It does not include a tax-exempt organization, the United States, any state, the District of Columbia, a U.S. territory, or a foreign government. File Form 1099-MISC with the IRS and furnish a copy to the customer for whom you received the substitute payment.

Box 9. Crop Insurance Proceeds

Enter crop insurance proceeds of \$600 or more paid to farmers by insurance companies unless the farmer has informed the insurance company that expenses have been capitalized under section 278, 263A, or 447.

Box 10. Gross Proceeds Paid to an Attorney

Enter gross proceeds of \$600 or more paid to an attorney in connection with legal services (regardless of whether the services are performed for the payer). See [Payments to attorneys](#), earlier.

Box 11. Fish Purchased for Resale

If you are in the trade or business of purchasing fish for resale, you must report total cash payments of \$600 or more paid during the year to any person who is engaged in the trade or business of catching fish. You are required to keep records showing the date and amount of each cash payment made during the year, but you must report only the total amount paid for the year on Form 1099-MISC.

"Fish" means all fish and other forms of aquatic life. "Cash" means U.S. and foreign coin and currency and a cashier's check, bank draft, traveler's check, or money order. Cash does not include a check drawn on your personal or business account.

Box 12. Section 409A Deferrals

You do not have to complete this box. For details, see Notice 2008-115, available at [IRS.gov/irb/2008-52_IRB#NOT-2008-115](https://www.irs.gov/irb/2008-52_IRB#NOT-2008-115).

If you complete this box, enter the total amount deferred during the year of at least \$600 for the nonemployee under all nonqualified plans. The deferrals during the year include earnings on the current year and prior year deferrals. For additional information, see Regulations sections 1.409A-1 through 1.409A-6. See the instructions for [box 15](#), later.

For deferrals and earnings under nonqualified deferred compensation (NQDC) plans for employees, see the [General Instructions for Forms W-2 and W-3](#).

Box 13. FATCA Filing Requirement Checkbox

Check this box if you are a U.S. payer that is reporting on Form(s) 1099 (including reporting payments on this Form 1099-MISC) as part of satisfying your requirement to report with respect to a U.S. account for the purposes of chapter 4 of the Internal Revenue Code, as described in Regulations section 1.1471-4(d)(2)(iii)(A). In addition, check the box if you are an FFI reporting payments to a U.S. account pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A). Finally, check the box if you are an FFI making the election described in Regulations section 1.1471-4(d)(5)(i)(A) and are reporting a U.S. account for chapter 4 purposes to which you made no payments during the year that are reportable on any applicable Form 1099 (or are reporting a U.S. account to which you made payments during the year that do not reach the applicable reporting threshold for any applicable Form 1099).

Box 14. Excess Golden Parachute Payments

Enter any excess golden parachute payments. An excess parachute payment is the amount over the base amount (the average annual compensation for services includible in the individual's gross income over the most recent 5 tax years). See Q/A-38 through Q/A-44 of Regulations section 1.280G-1 for how to compute the excess amount.

See [Golden parachute payments](#), later, for more information.

Box 15. Nonqualified Deferred Compensation

Enter all amounts deferred (including earnings on amounts deferred) that are includible in income under section 409A because the NQDC plan fails to satisfy the requirements of section 409A. Do not include amounts properly reported on a Form 1099-MISC, corrected Form 1099-MISC, Form W-2, or Form W-2c for a prior year. Also, do not include amounts that are considered to be subject to a substantial risk of forfeiture

for purposes of section 409A. For additional information, see Regulations sections 1.409A-1 through 1.409A-6; Notice 2008-113, available at [IRS.gov/irb/2008-51_IRB#NOT-2008-113](https://www.irs.gov/irb/2008-51_IRB#NOT-2008-113); [Notice 2008-115](#); Notice 2010-6, available at [IRS.gov/irb/2010-03_IRB#NOT-2010-6](https://www.irs.gov/irb/2010-03_IRB#NOT-2010-6); and Notice 2010-80, available at [IRS.gov/irb/2010-51_IRB#NOT-2010-80](https://www.irs.gov/irb/2010-51_IRB#NOT-2010-80).

Boxes 16–18. State Information

These boxes may be used by payers who participate in the Combined Federal/State Filing Program and/or who are required to file paper copies of this form with a state tax department. See Pub. 1220 for more information regarding the Combined Federal/State Filing Program. They are provided for your convenience only and need not be completed for the IRS. Use the state information boxes to report payments for up to two states. Keep the information for each state separated by the dash line. If you withheld state income tax on this payment, you may enter it in box 16. In box 17, enter the abbreviated name of the state and the payer's state identification number. The state number is the payer's identification number assigned by the individual state. In box 18, you may enter the amount of the state payment.

If a state tax department requires that you send them a paper copy of this form, use Copy 1 to provide information to the state tax department. Give Copy 2 to the recipient for use in filing the recipient's state income tax return.

Specific Instructions for Form 1099-NEC

File Form 1099-NEC, Nonemployee Compensation, for each person in the course of your business to whom you have paid the following during the year.

- At least \$600 in:
 1. Services performed by someone who is not your employee (including parts and materials) ([box 1](#)); or
 2. Payments to an attorney ([box 1](#)). (See [Payments to attorneys](#), later.)

File Form 1099-NEC or Form 1099-MISC to report sales totaling \$5,000 or more of consumer products to a person on a buy-sell, a deposit-commission, or other commission basis for resale.



If you use Form 1099-NEC to report sales totaling \$5,000 or more, then you are required to file Form 1099-NEC with the IRS by January 31.

You must also file Form 1099-NEC for each person from whom you have withheld any federal income tax (report in [box 4](#)) under the backup withholding rules regardless of the amount of the payment.



Be sure to report each payment in the proper box because the IRS uses this information to determine whether the recipient has properly reported the payment.

Trade or business reporting only. Report on Form 1099-NEC only when payments are made in the course of your trade or business. Personal payments are not reportable. You are engaged in a trade or business if you operate for gain or profit. However, nonprofit organizations are considered to be engaged in a trade or business and are subject to these reporting requirements. Other organizations subject to these reporting requirements include trusts of

qualified pension or profit-sharing plans of employers, certain organizations exempt from tax under section 501(c) or 501(d), farmers' cooperatives that are exempt from tax under section 521, and widely held fixed investment trusts. Payments by federal, state, or local government agencies are also reportable.

Reportable payments to corporations. The following payments made to corporations must generally be reported on Form 1099-NEC.

- Attorneys' fees reported in [box 1](#).
- Payments by a federal executive agency for services (vendors) reported in [box 1](#).



Federal executive agencies may also have to file Form 8596, Information Return for Federal Contracts, and Form 8596-A, Quarterly Transmittal of Information Returns for Federal Contracts, if a contracted amount for personal services is more than \$25,000. See Rev. Rul. 2003-66, which is on page 1115 of Internal Revenue Bulletin 2003-26 at [IRS.gov/pub/irs-irbs/irb03-26.pdf](https://www.irs.gov/pub/irs-irbs/irb03-26.pdf) for details.

Payments to attorneys. The term "attorney" includes a law firm or other provider of legal services. Attorneys' fees of \$600 or more paid in the course of your trade or business are reportable in [box 1](#) of Form 1099-NEC, under section 6041A(a)(1).

Gross proceeds paid to attorneys. Gross proceeds are not reportable by you in [box 1](#) of Form 1099-NEC. See the Form 1099-MISC, [box 10](#), instructions, earlier.

Payments to corporations for legal services. The exemption from reporting payments made to corporations does not apply to payments for legal services. Therefore, you must report attorneys' fees (in [box 1](#) of Form 1099-NEC) or gross proceeds (in [box 10](#) of Form 1099-MISC) as described earlier to corporations that provide legal services.

Taxpayer identification numbers (TINs). To report payments to an attorney on Form 1099-NEC, you must obtain the attorney's TIN. You may use Form W-9 to obtain the attorney's TIN. An attorney is required to promptly supply its TIN whether it is a corporation or other entity, but the attorney is not required to certify its TIN. If the attorney fails to provide its TIN, the attorney may be subject to a penalty under section 6723 and its regulations, and you must backup withhold on the reportable payments.

Independent contractor or employee. Generally, you must report payments to independent contractors on Form 1099-NEC in [box 1](#). See the instructions for [box 1](#).



Section 530 of the Revenue Act of 1978, as extended by section 269(c) of P.L. 97-248, deals with the employment tax status of independent contractors and employees. To qualify for relief under section 530, employers must file Form 1099-NEC. Additional requirements for relief are discussed in Rev. Proc. 85-18, 1985-1 C.B. 518. Also see [Pub. 15-A](#) for special rules that may apply to technical service specialists and test proctors and room supervisors.

Transit passes and parking for independent contractors. Although you cannot provide qualified transportation fringes to independent contractors, the working condition and de minimis fringe rules for transit passes and parking apply to independent contractors. Tokens or farecards that enable an independent contractor to commute on a public transit system (not including privately operated van pools) are

excludable from the independent contractor's gross income and are not reportable on Form 1099-NEC if their value in any month is \$21 or less. However, if the value of a pass provided in a month is greater than \$21, the full value is part of the gross income and must be reported on Form 1099-NEC. The value of parking may be excludable from an independent contractor's gross income, and, therefore, not reportable on Form 1099-NEC if certain requirements are met. See Regulations section 1.132-9(b), Q/A-24.

Directors' fees. You must report directors' fees and other remuneration, including payments made after retirement, on Form 1099-NEC in the year paid. Report them in [box 1](#).

Commissions paid to lottery ticket sales agents. A state that has control over and responsibility for online and instant lottery games must file Form 1099-NEC to report commissions paid, whether directly or indirectly, to licensed sales agents. For example, State X retains control over and liability for online and instant lottery games. For online ticket sales, State X pays commissions by allowing an agent to retain 5% of the ticket proceeds the agent remits to State X. For instant ticket sales, State X pays commissions by providing tickets to the agent for 5% less than the proceeds to be obtained by the agent from the sale of those tickets. If the commissions for the year total \$600 or more, they must be reported in [box 1](#) of Form 1099-NEC. See Rev. Rul. 92-96, 1992-2 C.B. 281.

Payments made on behalf of another person. For payments reportable under section 6041, if you make a payment on behalf of another person who is the source of the funds, you may be responsible for filing Form 1099-NEC. You are the payor for information reporting purposes if you perform management or oversight functions in connection with the payment, or have a significant economic interest in the payment (such as a lien). For example, a bank that provides financing to a real estate developer for a construction project maintains an account from which it makes payments for services in connection with the project. The bank performs management and oversight functions over the payments and is responsible for filing information returns for payments of \$600 or more paid to contractors. For more information, see Regulations section 1.6041-1(e).

Exceptions

Some payments do not have to be reported on Form 1099-NEC, although they may be taxable to the recipient. Payments for which a Form 1099-NEC is not required include all of the following.

- Generally, payments to a corporation (including a limited liability company (LLC) that is treated as a C or S corporation). However, see [Reportable payments to corporations](#), earlier.
- Payments for merchandise, telegrams, telephone, freight, storage, and similar items.
- Payments of rent to real estate agents or property managers. However, the real estate agent or property manager must use Form 1099-MISC to report the rent paid over to the property owner. See Regulations section 1.6041-3(d); Regulations section 1.6041-1(e)(5), Example 5; and the instructions for [box 1](#).
- Wages, any bonuses, prizes, and awards paid to employees (report these on Form W-2).
- Military differential wage payments made to employees while they are on active duty in the U.S. Armed Forces or other uniformed services (report on Form W-2).

- Business travel allowances paid to employees (may be reportable on Form W-2).
- Cost of current life insurance protection (report on Form W-2 or Form 1099-R).
- Payments to a tax-exempt organization including tax-exempt trusts (IRAs, HSAs, Archer MSAs, Coverdell ESAs, and ABLÉ (529A) accounts), the United States, a state, the District of Columbia, a U.S. territory, or a foreign government.
- Payments made to or for homeowners from the HFA Hardest Hit Fund or similar state program (report on Form 1098-MA).
- Compensation for injuries or sickness by the Department of Justice as a PSO disability or survivor's benefit, or under a state program that provides benefits for surviving dependents of a PSO who has died as the direct and proximate result of a personal injury sustained in the line of duty.
- Compensation for wrongful incarceration for any criminal offense for which there was a conviction under federal or state law. See section 139F, Certain amounts received by wrongfully incarcerated individuals.

State or local sales taxes. If state or local sales taxes are imposed on the service provider and you (as the buyer) pay them to the service provider, report them on Form 1099-NEC as part of the reportable payment. However, if sales taxes are imposed on you (as the buyer) and collected from you by the service provider, do not report the sales taxes on Form 1099-NEC.

Form 1099-K. Payments made with a credit card or payment card and certain other types of payments, including third-party network transactions, must be reported on Form 1099-K by the payment settlement entity under section 6050W and are not subject to reporting on Form 1099-NEC. See the separate Instructions for Form 1099-K.

Fees paid to informers. A payment to an informer as an award, fee, or reward for information about criminal activity does not have to be reported if the payment is made by a federal, state, or local government agency, or by a nonprofit organization exempt from tax under section 501(c)(3) that makes the payment to further the charitable purpose of lessening the burdens of government. For more information, see Regulations section 1.6041-3(l).

Scholarships. Do not use Form 1099-NEC to report scholarship or fellowship grants. Scholarship or fellowship grants that are taxable to the recipient because they are paid for teaching, research, or other services as a condition for receiving the grant are considered wages and must be reported on Form W-2. Other taxable scholarship or fellowship payments (to a degree or nondegree candidate) do not have to be reported to the IRS on any form, unless section 6050S requires reporting of such amounts by an educational institution on Form 1098-T. See section 117(b)-(d) and Regulations section 1.6041-3(n) for more information.

Difficulty-of-care payments. Do not use Form 1099-NEC to report difficulty-of-care payments that are excludable from the recipient's gross income. Difficulty-of-care payments to foster care providers are not reportable if paid for fewer than 11 children under age 19 and fewer than six individuals age 19 or older. See section 131(c). Amounts paid for more than 10 children or more than five other individuals are reportable on Form 1099-NEC.

Certain Medicaid waiver payments may be excludable from income as difficulty-of-care payments. For more information, see Notice 2014-7, available at [IRS.gov/irb/](https://www.irs.gov/irb/)

[2014-4 IRB#NOT-2014-7](#); and Medicaid waiver payments frequently asked questions (FAQs), available at [IRS.gov/Individuals/Certain-Medicaid-Payments-May-Be-Excludable-From-Income](https://www.irs.gov/Individuals/Certain-Medicaid-Payments-May-Be-Excludable-From-Income).

Canceled debt. A canceled debt is not reportable on Form 1099-NEC. Canceled debts reportable under section 6050P must be reported on Form 1099-C. See the Instructions for Forms 1099-A and 1099-C.

Employee business expense reimbursements. Do not use Form 1099-NEC to report employee business expense reimbursements. Report payments made to employees under a nonaccountable plan as wages on Form W-2. Generally, payments made to employees under an accountable plan are not reportable on Form W-2, except in certain cases when you pay a per diem or mileage allowance. For more information, see the [General Instructions for Forms W-2 and W-3](#), and [Pub. 463](#). For information on reporting employee moving expense reimbursements on Form W-2, see the [General Instructions for Forms W-2 and W-3](#).

Statements to Recipients

If you are required to file Form 1099-NEC, you must furnish a statement to the recipient. For more information about the requirement to furnish a statement to each recipient, and truncation, see part M in the current year General Instructions for Certain Information Returns.


You can furnish each recipient with a single payee statement reporting all Form 1099-NEC payment types. You are required to furnish the payee statements and file with the IRS by January 31.

Truncating recipient's TIN on payee statements. Pursuant to Regulations section 301.6109-4, all filers of this form may truncate a recipient's TIN (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A payer's TIN may not be truncated on any form. See part J in the current year General Instructions for Certain Information Returns.

2nd TIN Not.

You may enter an "X" in this box if you were notified by the IRS twice within 3 calendar years that the payee provided an incorrect TIN. If you mark this box, the IRS will not send you any further notices about this account.

However, if you received both IRS notices in the same year, or if you received them in different years but they both related to information returns filed for the same year, do not check the box at this time. For purposes of the two-notices-in-3-years rule, you are considered to have received one notice and you are not required to send a second "B" notice to the taxpayer on receipt of the second notice. See part N in the current year General Instructions for Certain Information Returns for more information.

 For information on the TIN Matching System offered by the IRS, see the current year General Instructions for Certain Information Returns.

Corrections to Form 1099-NEC

If you need to correct a Form 1099-NEC that you have already sent to the IRS:

- For paper forms, see part H in the current year General Instructions for Certain Information Returns; or
- For electronic corrections, see Pub. 1220.



If you are filing a correction on a paper form, do not check the VOID box on the form. A checked VOID box alerts IRS scanning equipment to ignore the form and proceed to the next one. Your correction will not be entered into IRS records if you check the VOID box.

Recipient's TIN

Enter the recipient's TIN using hyphens in the proper format. SSNs, ITINs, and ATINs should be in the XXX-XX-XXXX format. EINs should be in the XX-XXXXXXX format.



You should make every effort to ensure that you have the correct type of number reported in the correct format.

Account Number

The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 1099-NEC. See part L in the current year General Instructions for Certain Information Returns.

Box 1. Nonemployee Compensation

Enter nonemployee compensation (NEC) of \$600 or more. Include fees, commissions, prizes and awards for services performed as a nonemployee, and other forms of compensation for services performed for your trade or business by an individual who is not your employee. Include oil and gas payments for a working interest, whether or not services are performed. Also include expenses incurred for the use of an entertainment facility that you treat as compensation to a nonemployee. Federal executive agencies that make payments to vendors for services, including payments to corporations, must report the payments in this box. See Rev. Rul. 2003-66.

What is NEC? If the following four conditions are met, you must generally report a payment as NEC.

- You made the payment to someone who is not your employee.
- You made the payment for services in the course of your trade or business (including government agencies and nonprofit organizations).
- You made the payment to an individual, partnership, estate, or, in some cases, a corporation.
- You made payments to the payee of at least \$600 during the year.

Self-employment tax. Generally, amounts paid to individuals that are reportable in [box 1](#) are subject to self-employment tax. If payments to individuals are not subject to this tax, report the payments in [box 3](#) of Form 1099-MISC. However, report section 530 (of the Revenue Act of 1978) worker payments in [box 1](#) of Form 1099-NEC.

Examples. The following are some examples of payments to be reported in [box 1](#).

- Professional service fees, such as fees to attorneys (including corporations), accountants, architects, contractors, engineers, etc.
- Fees paid by one professional to another, such as fee-splitting or referral fees.
- Payments by attorneys to witnesses or experts in legal adjudication.

- Payment for services, including payment for parts or materials used to perform the services if supplying the parts or materials was incidental to providing the service. For example, report the total insurance company payments to an auto repair shop under a repair contract showing an amount for labor and another amount for parts, if furnishing parts was incidental to repairing the auto.

- Commissions paid to nonemployee salespersons that are subject to repayment but not repaid during the calendar year.
- A fee paid to a nonemployee, including an independent contractor, or travel reimbursement for which the nonemployee did not account to the payer, if the fee and reimbursement total at least \$600. To help you determine whether someone is an independent contractor or an employee, see [Pub. 15-A](#).

- Payments to nonemployee entertainers for services. Use Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, for payments to nonresident aliens.

- Exchanges of services between individuals in the course of their trades or businesses. For example, an attorney represents a painter for nonpayment of business debts in exchange for the painting of the attorney's law offices. The amount reportable by each on Form 1099-NEC is the FMV of their own services performed. However, if the attorney represents the painter in a divorce proceeding, this is an activity that is unrelated to the painter's trade or business. The attorney must report on Form 1099-NEC the value of their services. But the painter need not report on Form 1099-NEC the value of painting the law offices because the work is in exchange for legal services that are separate from the painter's business.

- Taxable fringe benefits for nonemployees. For information on the valuation of fringe benefits, see [Pub. 15-B](#).

- Gross oil and gas payments for a working interest.

- Payments to an insurance salesperson who is not your common law or statutory employee. See [Pub. 15-A](#) for the definition of employee. However, for termination payments to former insurance salespeople, see the instructions for [box 3](#) of Form 1099-MISC.

- Directors' fees as explained under [Directors' fees](#), earlier.

- Commissions paid to licensed lottery ticket sales agents as explained under [Commissions paid to lottery ticket sales agents](#), earlier.

- Payments to section 530 (of the Revenue Act of 1978) workers. See the *TIP* under [Independent contractor or employee](#), earlier.

Golden parachute payments. A parachute payment is any payment that meets all of the following conditions.

1. The payment is in the nature of compensation.
2. The payment is to, or for the benefit of, a disqualified individual. A disqualified individual is one who at any time during the 12-month period prior to and ending on the date of the change in ownership or control of the corporation (the disqualified individual determination period) was an employee or independent contractor and was, in regard to that corporation, a shareholder, an officer, or a highly compensated individual.
3. The payment is contingent on a change in the ownership of a corporation, the effective control of a corporation, or the ownership of a substantial portion of the assets of a corporation (a change in ownership or control).
4. The payment has (together with other payments described in (1), (2), and (3), above, made to the same individual) an aggregate present value of at least three times the individual's base amount.

For more details, see Regulations section 1.280G-1. Also, see Rev. Proc. 2003-68, which is on page 398 of Internal Revenue Bulletin 2003-34 at [IRS.gov/irb/2003-34_IRB#RP-2003-68](https://www.irs.gov/irb/2003-34_IRB#RP-2003-68), concerning the valuation of stock options for purposes of golden parachute payment rules. For the treatment of unvested shares of restricted stock, see Rev. Rul. 2005-39, available at [IRS.gov/irb/2005-27_IRB#RR-2005-39](https://www.irs.gov/irb/2005-27_IRB#RR-2005-39).

Independent contractor. Enter in [box 1](#) the total compensation, including any golden parachute payment. For excess golden parachute payments, see the instructions for [box 14](#) of Form 1099-MISC.

For employee reporting of these payments, see [Pub. 15-A](#).

Payments not reported in box 1. Do not report in box 1:

- Expense reimbursements paid to volunteers of nonprofit organizations;
- Deceased employee wages paid in the year after death (report in [box 3](#) of Form 1099-MISC) (see [Deceased employee's wages](#), earlier);
- Payments more appropriately described as rent (report in [box 1](#) of Form 1099-MISC), royalties (report in [box 2](#) of Form 1099-MISC), other income not subject to self-employment tax (report in [box 3](#) of Form 1099-MISC), and interest (use Form 1099-INT);
- The cost of current life insurance protection (report on Form W-2 or Form 1099-R);
- An employee's wages, travel or auto allowance, or bonuses and prizes (report on Form W-2); and
- The cost of group-term life insurance paid on behalf of a former employee (report on Form W-2).

Box 2. Payer Made Direct Sales Totaling \$5,000 or More

Enter an "X" in the checkbox for sales by you totaling \$5,000 or more of consumer products to a person on a buy-sell, deposit-commission, or other commission basis for resale (by the buyer or any other person) anywhere other than in a permanent retail establishment. Do not enter a dollar amount in this box.

You may either use box 2 on Form 1099-NEC or [box 7](#) on Form 1099-MISC to report the direct sales totaling \$5,000 or more. If you use Form 1099-NEC to report these sales, then you are required to file the Form 1099-NEC with the IRS by January 31.



Report these sales on only one form.

The report you must give to the recipient for these direct sales need not be made on the official form. It may be in the form of a letter showing this information along with commissions, prizes, awards, etc.

Box 4. Federal Income Tax Withheld

Enter backup withholding. For example, persons who have not furnished their TINs to you are subject to withholding on payments required to be reported in [box 1](#). For more information on backup withholding, including the rate, see part N in the current year General Instructions for Certain Information Returns.

Boxes 5–7. State Information

These boxes are provided for your convenience only and need not be completed for the IRS. Use the state information boxes to report payments for up to two states. Keep the information for each state separated by the dash line. If you withheld state income tax on this payment, you may enter it in box 5. In box 6, enter the abbreviated name of the state and the payer's state identification number. In box 7, you may enter the amount of the state payment.

If a state tax department requires that you send them a paper copy of this form, use Copy 1 to provide information to the state tax department. Give Copy 2 to the recipient for use in filing the recipient's state income tax return.

Index

A

Agricultural workers, foreign [5](#)
Armed Forces [3, 8](#)
Attorneys' fees and gross proceeds [2, 6, 8, 10](#)

B

Backup withholding [2, 6, 8, 11](#)
Broker transactions [1, 6](#)

C

Canceled debt [3, 9](#)
Coin-operated amusements [4](#)
Commissions [8, 10](#)
Construction project, escrow agent [3, 8](#)
Consumer products totaling \$5,000, indicator for [1](#)
Corporations, payments to [2, 8, 10](#)
Corrections [4, 9](#)
Crop insurance proceeds [1, 6](#)

D

Damages [5](#)
Deceased employee's wages [2, 6, 11](#)
Difficulty-of-care payments [9](#)
Direct sales of consumer products for resale [1](#)
Direct Sales totaling \$5,000 [11](#)
Directors' fees [8, 10](#)

E

Excess golden parachute payments [7](#)
Exchange of services [10](#)

F

FATCA filing requirements [4, 5, 7, 10](#)
Fees [1, 3, 7-10](#)
Fish purchases for cash [6](#)

Fish purchases for resale [7](#)
Fishing boat proceeds [6](#)
Foreign agricultural workers [5](#)
Form 1099-K [3, 9](#)
Form W-9 [2, 8](#)
Former insurance salesperson, termination payments [5, 6, 10, 11](#)

G

Golden parachute payments [10](#)
Gross proceeds, attorneys [2, 6, 8, 10](#)

H

Health care services, payments [1, 6, 9](#)

I

Independent contractor payments [8, 10](#)
Indian gaming profits [3](#)
Informants, fees [3, 9](#)

L

Lottery ticket agents, commissions [8, 10](#)

M

Medical payments [9](#)
Medical research payments [5](#)
Medical services payments [6](#)
Military differential payments [3, 8](#)
Miscellaneous information [1](#)

N

Nonemployee compensation [7](#)
Nonemployee compensation (NEC) [10](#)
Nonqualified deferred compensation [7](#)

O

Other income [5](#)

P

Parking, value of [8](#)
Payment card transactions [3, 6, 8, 11](#)
Prizes and awards [5](#)
Punitive damages [5](#)

R

Rents [1, 4](#)
Resale of fishes [7](#)
Royalties [1, 4](#)

S

Sale of fish to reseller by fishing boat operator [1](#)
Scholarships [3, 9](#)
Section 409A deferrals [7](#)
Section 409A income [7](#)
Section 530 worker [8, 10](#)
Self-employment tax [10](#)
State and local sales taxes [9](#)
State Information [7, 11](#)
Substitute payments in lieu of dividends or tax-exempt interest [1, 6](#)

T

Taxpayer identification number [2, 8](#)
Termination payments, insurance salespeople [5, 10](#)
Trade or business [2, 7](#)
Transit passes [8](#)

W

Withholding:
Backup [2, 6, 8, 11](#)
Indian gaming [3, 6, 11](#)



Attention filers of Form 1096:

This form is provided for informational purposes only. It appears in red, similar to the official IRS form. The official printed version of this IRS form is scannable, but a copy, printed from this website, is not. Do **not** print and file a Form 1096 downloaded from this website; a penalty may be imposed for filing with the IRS information return forms that can't be scanned. See part O in the current General Instructions for Certain Information Returns, available at www.irs.gov/form1099, for more information about penalties.

To order official IRS information returns, which include a scannable Form 1096 for filing with the IRS, visit www.IRS.gov/orderforms. Click on [Employer and Information Returns](#), and we'll mail you the forms you request and their instructions, as well as any publications you may order.

Information returns may also be filed electronically. To file electronically, you must have software, or a service provider, that will create the file in the proper format. More information can be found at:

- IRS Filing Information Returns Electronically (FIRE) system (visit www.IRS.gov/FIRE), or
- IRS Affordable Care Act Information Returns (AIR) program (visit www.IRS.gov/AIR).

See IRS Publications 1141, 1167, and 1179 for more information about printing these tax forms.

Form 1096	Annual Summary and Transmittal of U.S. Information Returns	OMB No. 1545-0108
Department of the Treasury Internal Revenue Service		2024

FILER'S name	
Street address (including room or suite number)	
City or town, state or province, country, and ZIP or foreign postal code	

Name of person to contact	Telephone number	For Official Use Only
Email address	Fax number	

1 Employer identification number	2 Social security number	3 Total number of forms	4 Federal income tax withheld \$	5 Total amount reported with this Form 1096 \$
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6 Enter an "X" in only one box below to indicate the type of form being filed.																
W-2G 32	1097-BTC 50	1098 81	1098-C 78	1098-E 84	1098-F 03	1098-Q 74	1098-T 83	1099-A 80	1099-B 79	1099-C 85	1099-CAP 73		1099-DIV 91	1099-G 86	1099-INT 92	1099-K 10
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1099-LS 16	1099-LTC 93	1099-MISC 95	1099-NEC 71	1099-OID 96	1099-PATR 97	1099-Q 31	1099-QA 1A	1099-R 98	1099-S 75	1099-SA 94	1099-SB 43	3921 25	3922 26	5498 28	5498-ESA 72	5498-QA 2A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5498-SA 27																
<input type="checkbox"/>																

**Return this entire page to the Internal Revenue Service. Photocopies are not acceptable.
Send this form, with the copies of the form checked in box 6, to the IRS in a flat mailer (not folded).**

Under penalties of perjury, I declare that I have examined this return and accompanying documents and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature	Title	Date
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Instructions

Future developments. For the latest information about developments related to Form 1096, such as legislation enacted after it was published, go to www.irs.gov/Form1096.

Reminder. You may be required to electronically file (e-file) information returns. Go to www.irs.gov/infocolumn for e-file options. Also, see part F in the 2024 General Instructions for Certain Information Returns.

Purpose of form. Use this form to transmit paper Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G to the IRS.

Caution: Form 5498-QA can only be filed on paper, regardless of the number of returns.

Who must file. Any person or entity who files any form checked in box 6 above must file Form 1096 to transmit those forms to the IRS.

Caution: Your name and taxpayer identification number (TIN) (employer identification number (EIN) or social security number (SSN)) must match the name and TIN used on your 94X series tax return(s) or you may be subject to information return penalties. Do not use the name and/or TIN of your paying agent or service bureau.

Enter the filer's name, address (including room, suite, or other unit number), and TIN in the spaces provided on the form. The name, address, and TIN of the filer on this form must be the same as those you enter in the upper left area of Form 1097, 1098, 1099, 3921, 3922, 5498, or W-2G.

When to file. If any date shown falls on a Saturday, Sunday, or legal holiday in the District of Columbia or where the return is to be filed, the due date is the next business day. File Form 1096 in the calendar year following the year for which the information is being reported, as follows.

- With Forms 1097, 1098, 1099, 3921, 3922, or W-2G, file by February 28.*
- With Forms 1099-NEC, file by January 31.
- With Forms 5498, file by May 31.

* Leap years do not impact the due date. See Announcement 91-179, 1991-49 I.R.B. 78, for more information.

Where To File

Send all information returns filed on paper with Form 1096 to the following.

If your principal business, office or agency, or legal residence in the case of an individual, is located in:	Use the following address:
Alabama, Arizona, Arkansas, Delaware, Florida, Georgia, Kentucky, Maine, Massachusetts, Mississippi, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Texas, Vermont, Virginia	Internal Revenue Service P.O. Box 149213 Austin, TX 78714-9213
Alaska, Colorado, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Utah, Washington, Wisconsin, Wyoming	Internal Revenue Service Center P.O. Box 219256 Kansas City, MO 64121-9256

California, Connecticut,
District of Columbia, Louisiana,
Maryland, Pennsylvania,
Rhode Island, West Virginia

Internal Revenue Service Center
1973 North Rulon White Blvd.
Ogden, UT 84201

If your legal residence or principal place of business is outside the United States, file with the Internal Revenue Service, P.O. Box 149213, Austin, TX 78714-9213.

Transmitting to the IRS. Group the forms by form number and transmit each group with a separate Form 1096. For example, if you must file both Forms 1098 and 1099-A, complete one Form 1096 to transmit your Forms 1098 and another Form 1096 to transmit your Forms 1099-A. Do not send a form (1099, 5498, etc.) containing summary (subtotal) information with Form 1096. Summary information for the group of forms being sent is entered only in boxes 3, 4, and 5 of Form 1096.

Corrected returns. Originals and corrections of the same type of return can be submitted using one Form 1096. For information about filing corrections, see the 2024 General Instructions for Certain Information Returns.

Box 1 or 2. Enter your TIN in either box 1 or 2, not both. Sole proprietors and all others must enter their EIN in box 1. Individuals not in a trade or business must enter their SSN in box 2. However, sole proprietors who do not have an EIN must enter their SSN in box 2. Use the same EIN or SSN on Form 1096 that you use on Form 1097, 1098, 1099, 3921, 3922, 5498, or W-2G.

Box 3. Enter the number of forms you are transmitting with this Form 1096. Do not include blank or voided forms or the Form 1096 in your total. Enter the number of correctly completed forms, not the number of pages, being transmitted. For example, if you send one page of three-to-a-page Forms 1098-E with a Form 1096 and you have correctly completed two Forms 1098-E on that page, enter "2" in box 3 of Form 1096.

Box 4. Enter the total federal income tax withheld shown on the forms being transmitted with this Form 1096.

Box 5. No entry is required if you are filing Form 1098-T, 1099-A, or 1099-G. For all other forms in the listing that follows, enter the total of the amounts from the specific boxes identified for each form.

Form W-2G	Box 1
Form 1097-BTC	Box 1
Form 1098	Boxes 1 and 6
Form 1098-C	Box 4c
Form 1098-E	Box 1
Form 1098-F	Box 1

Form 1098-Q	Box 4
Form 1099-B	Boxes 1d and 13
Form 1099-C	Box 2
Form 1099-CAP	Box 2
Form 1099-DIV	Boxes 1a, 2a, 3, 9, 10, and 12
Form 1099-INT	Boxes 1, 3, 8, 10, 11, and 13
Form 1099-K	Box 1a
Form 1099-LS	Box 1
Form 1099-LTC	Boxes 1 and 2
Form 1099-MISC	Boxes 1, 2, 3, 5, 6, 8, 9, 10, 11, and 14
Form 1099-NEC	Box 1
Form 1099-OID	Boxes 1, 2, 5, 6, and 8
Form 1099-PATR	Boxes 1, 2, 3, and 5
Form 1099-Q	Box 1
Form 1099-QA	Box 1
Form 1099-R	Box 1
Form 1099-S	Box 2
Form 1099-SA	Box 1
Form 1099-SB	Boxes 1 and 2
Form 3921	Boxes 3 and 4
Form 3922	Boxes 3, 4, and 5
Form 5498	Boxes 1, 2, 3, 4, 5, 8, 9, 10, 12b, 13a, and 14a
Form 5498-ESA	Boxes 1 and 2
Form 5498-QA	Boxes 1 and 2
Form 5498-SA	Box 1

Online fillable forms. Forms 1097-BTC, 1098-C, 1098-MA, 1098-Q, 1099-CAP, 1099-LTC, 1099-Q, 1099-QA, 1099-SA, 3922, 5498-ESA, and 5498-SA have been converted to online fillable PDFs. For more information, see *Online fillable forms* in the 2024 General Instructions for Certain Information Returns.



General Instructions for Certain Information Returns

(Forms 1096, 1097, 1098, 1099, 3921, 3922, 5498, and W-2G)

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

Contents	Page
What's New	1
Future Developments	1
Reminders	1
Items You Should Note	2
Guide to Information Returns	2
A. Who Must File	2
B. Other Information Returns	6
C. When To File	6
D. Where To File	7
E. Filing Returns With the IRS	7
F. Electronic Reporting	8
G. Paper Document Reporting	9
H. Corrected Returns on Paper Forms	10
I. Void Returns	11
J. Recipient Names and Taxpayer Identification Numbers (TINs)	13
K. Filer's Name, Taxpayer Identification Number (TIN), and Address	14
L. Account Number Box on Forms	14
M. Statements to Recipients (Beneficiaries, Borrowers, Debtors, Donors, Employees, Insureds, Participants, Payment or Credit Recipients, Payers, Policyholders, Sellers, Shareholders, Students, Transferors, or Winners on Certain Forms)	15
N. Backup Withholding	18
O. Penalties	19
P. Payments to Corporations and Partnerships	21
Q. Earnings on Any IRA, Coverdell ESA, ABLE Account, Archer MSA, or HSA	21
R. Certain Grantor Trusts	21
S. Special Rules for Reporting Payments Made Through Foreign Intermediaries and Foreign Flow-Through Entities on Form 1099	21
T. How To Get Tax Help	23
Privacy Act and Paperwork Reduction Act Notice	24
Guide to Information Returns	26
Index	31

What's New

E-filing returns. The Taxpayer First Act of 2019 authorized the Department of the Treasury and the IRS to issue regulations that reduce the 250-return e-file threshold. T.D. 9972, published February 23, 2023, lowered the e-file threshold to 10 (calculated by

aggregating all information returns), effective for information returns required to be filed on or after January 1, 2024. Go to [IRS.gov/InfoReturn](https://www.irs.gov/InfoReturn) for e-file options.

Future Developments

For the latest information about developments related to the General Instructions for Certain Information Returns after they were published, go to [General Instructions for Certain Information Returns](https://www.irs.gov/GeneralInstructions) at [IRS.gov/1099GeneralInstructions](https://www.irs.gov/1099GeneralInstructions).

Reminders

Information Reporting Intake System (IRIS). The IRS has developed IRIS, an online portal that allows taxpayers to electronically file (e-file) information returns after December 31, 2022, for 2022 and later tax years. IRIS is a free service. See [part F](#) or go to [IRS.gov/IRIS](https://www.irs.gov/IRIS) for additional information and updates.

Where to send extension of time to furnish statements to recipients. An extension of time to furnish the statements is now a fax-only submission. See [Extension of time to furnish statements to recipients](#), later, for more information.

Due date for certain statements sent to recipients. The due date for furnishing statements to recipients for Forms 1099-B, 1099-S, and 1099-MISC (if amounts are reported in boxes 8 or 10) is February 17, 2025. This also applies to statements furnished as part of a consolidated reporting statement. See the [Guide to Information Returns](#) for due dates for all returns.

E-file. E-filers are reminded that using the FIRE System requires following the specifications contained in Pub. 1220. IRIS users should follow the specifications in Pub. 5717, IRIS Taxpayer Portal User Guide. Also, the IRS does not provide a fill-in form option for most forms *required to be filed with the IRS* covered by these instructions; however, see [Online fillable forms](#) in part E, later. See part F for information on [e-file](#).

Online fillable forms Copies 1, B, 2, C, and D. Copies 1, B, 2, C, and D, as applicable, to be furnished to recipients and kept in filers' records, have been made fillable online at [IRS.gov](https://www.irs.gov) for many forms referenced in these instructions. See the separate instructions for Forms 1098, 1098-E&T, 1098-F, 1098-Q, 1099-A&C, 1099-B, 1099-DIV, 1099-G, 1099-INT&OID, 1099-K, 1099-LS, 1099-MISC&NEC, 1099-PATR, 1099-R&5498, 1099-S, 1099-SB, and 3921.

Payee. Throughout these instructions, the term "payee" means the person with respect to whom Forms 1097, 1098, 1099, 3921, 3922, 5498, or W-2G are required to be

filed, including beneficiaries, borrowers, debtors, donors, employees, insureds, participants, payment or credit recipients, policyholders, sellers, shareholders, students, transferors, and winners.

Items You Should Note

Photographs of Missing Children

The Internal Revenue Service is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](#). Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Available Instructions

In addition to these general instructions, which contain general information concerning Forms 1096, 1097, 1098, 1099, 3921, 3922, 5498, and W-2G, we provide specific form instructions separately. Get the instructions you need for completing a specific form from the following list of separate instructions.

- Instructions for Form 1097-BTC.
- Instructions for Form 1098.
- Instructions for Form 1098-C.
- Instructions for Forms 1098-E and 1098-T.
- Instructions for Form 1098-F.
- Instructions for Form 1098-Q.
- Instructions for Forms 1099-A and 1099-C.
- Instructions for Form 1099-B.
- Instructions for Form 1099-CAP.
- Instructions for Form 1099-DIV.
- Instructions for Form 1099-G.
- Instructions for Form 1099-H.
- Instructions for Forms 1099-INT and 1099-OID.
- Instructions for Form 1099-K.
- Instructions for Form 1099-LS.
- Instructions for Form 1099-LTC.
- Instructions for Forms 1099-MISC and 1099-NEC.
- Instructions for Form 1099-PATR.
- Instructions for Form 1099-Q.
- Instructions for Forms 1099-QA and 5498-QA.
- Instructions for Forms 1099-R and 5498.
- Instructions for Form 1099-S.
- Instructions for Forms 1099-SA and 5498-SA.
- Instructions for Form 1099-SB.
- Instructions for Forms 3921 and 3922.
- Instructions for Form 5498-ESA.
- Instructions for Forms W-2G and 5754.

You can also obtain the latest developments for each of the forms and instructions listed here by visiting their information pages at [IRS.gov](#). See the separate instructions for each form on the webpage via the link.

See [How To Get Forms, Publications, and Other Assistance](#), later.

Guide to Information Returns

See the [chart](#), later, for a brief summary of information return reporting rules.

Use Form 1096 To Send Paper Forms to the IRS

You must send Copies A of all paper Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G to the IRS with Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Instructions for completing Form 1096 are contained on Form 1096. Also see [part E](#).

Reporting Backup Withholding on Forms 1099 and W-2G

If you backup withhold on a payment, you must file the appropriate Form 1099 or Form W-2G with the IRS and furnish a statement to the recipient to report the amount of the payment and the amount withheld. This applies even though the amount of the payment may be below the normal threshold for filing Form 1099 or Form W-2G. For how to report backup withholding, see [part N](#).

Substitute Statements to Recipients

If you are using a substitute form to furnish information statements to recipients (generally Copy B), be sure your substitute statements comply with the rules in Pub. 1179. Pub. 1179, which is revised annually, explains the requirements for format and content of substitute statements to recipients. See [part M](#) for additional information.

Taxpayer Identification Number (TIN) Matching

TIN Matching allows a payer or authorized agent who is required to file Forms 1099-B, DIV, G, INT, K, MISC, NEC, OID, and/or PATR, which report income subject to backup withholding, to match TIN and name combinations with IRS records before submitting the forms to the IRS. TIN Matching is one of the e-services products that is offered and is accessible through the IRS website. For program guidelines, see Pub. 2108-A, or go to [IRS.gov](#) and enter keyword “TIN Matching” in the upper right corner. It is anticipated that payers who validate the TIN and name combinations before filing information returns will receive fewer backup withholding (CP2100) notices and penalty notices. E-services technical support is available by calling 866-255-0654.

A. Who Must File

See the separate specific instructions for each form.

Nominee/middleman returns. Generally, if you receive a Form 1099 for amounts that actually belong to another person, you are considered a nominee recipient. You must file a Form 1099 with the IRS (the same type of Form 1099 you received) for each of the other owners showing the amounts allocable to each. You must also furnish a Form 1099 to each of the other owners. File the new Form 1099 with Form 1096 with the IRS Submission Processing Center for your area. On each new Form 1099, list yourself as the “payer” and the other owner as the “recipient.” On Form 1096, list yourself as the “Filer.” A spouse is not required to file a nominee return to show amounts owned by the other spouse. The nominee, not the original payer, is responsible for filing the subsequent Forms 1099 to show the amount allocable to each owner.

Successor/predecessor reporting. A successor business entity (a corporation, partnership, or sole

proprietorship) and a predecessor business entity (a corporation, partnership, or sole proprietorship) may agree that the successor will assume all or some of the predecessor's information reporting responsibilities. This would permit the successor to file one Form 1097, 1098, 1099, 3921, 3922, 5498, or W-2G for each recipient combining the predecessor's and successor's reportable amounts, including any withholding. If they so agree and the successor satisfies the predecessor's obligations and the conditions described on this page, the predecessor does not have to file the specified information returns for the acquisition year. If the successor and predecessor do not agree, or if the requirements described are not met, the predecessor and the successor each must file Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G for their own reportable amounts as they usually would. For more information and the rules that apply to filing combined Forms 1042-S, see Rev. Proc. 99-50, which is available on page 757 of Internal Revenue Bulletin 1999-52 at [IRS.gov/pub/irs-irbs/irb99-52.pdf](https://www.irs.gov/pub/irs-irbs/irb99-52.pdf).

The combined reporting procedure is available when all the following conditions are met.

1. The successor acquires from the predecessor substantially all the property (a) used in the trade or business of the predecessor, including when one or more corporations are absorbed by another corporation under a merger agreement under which the surviving corporation becomes the owner of all the assets and assumes all the liabilities of the absorbed corporation(s); or (b) used in a separate unit of a trade or business of the predecessor.

2. The predecessor is required to report amounts, including any withholding, on information returns for the year of acquisition for the period before the acquisition.

3. The predecessor is not required to report amounts, including withholding, on information returns for the year of acquisition for the period after the acquisition.

Combined reporting agreement. The predecessor and the successor must agree on the specific forms to which the combined reporting procedure applies and that the successor assumes the predecessor's entire information reporting obligations for these forms. The predecessor and successor may agree to:

1. Use the combined reporting procedure for all Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G; or

2. Limit the use of the combined reporting procedure to (a) specific forms, or (b) specific reporting entities, including any unit, branch, or location within a particular business entity that files its own separate information returns. For example, if the predecessor's and successor's only compatible computer or recordkeeping systems are their dividends paid ledgers, they may agree to use the combined reporting procedure for Forms 1099-DIV only. Similarly, if the only compatible systems are in their Midwest branches, they may agree to use the combined reporting procedure for only the Midwest branches.

Combined reporting procedure. On each Form 1097, 1098, 1099, 3921, 3922, 5498, and W-2G filed by the successor, the successor must combine the predecessor's (before the acquisition) and successor's reportable amounts, including any withholding, for the acquisition year and report the aggregate. For

transactional reporting, the successor must report each of the predecessor's transactions and each of its own transactions on the appropriate form. The successor may include with the form sent to the recipient additional information explaining the combined reporting.

For purposes of the combined reporting procedure, the sharing of TINs and other information obtained under section 3406 for information reporting and backup withholding purposes does not violate the confidentiality rules in section 3406(f).

Statement required. The successor must file a statement with the IRS indicating the forms that are being filed on a combined basis under Rev. Proc. 99-50. The statement must:

1. Include the predecessor's and successor's names, addresses, telephone numbers, employer identification numbers (EINs), and the name and telephone number of the person responsible for preparing the statement;
2. Reflect separately the amount of federal income tax withheld by the predecessor and by the successor for each type of form being filed on a combined basis (for example, Form 1099-R or 1099-MISC); and
3. Be sent separately from Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G by the forms' due dates to:

Internal Revenue Service
Information Returns Branch
230 Murall Drive, Mail Stop 4360
Kearneysville, WV 25430

Do not send Form 1042-S statements to this address. Instead, use the address given in the Instructions for Form 1042-S; see Rev. Proc. 99-50.

Qualified settlement funds. A qualified settlement fund must file information returns for distributions to claimants if any transferor to the fund would have been required to file if the transferor had made the distributions directly to the claimants.

For distributions to transferors, a fund is considered in a trade or business for information reporting purposes and may be required to file Form 1099-MISC or other information returns. For payments made by the fund on behalf of a claimant or transferor, the fund is subject to these same rules and may have to file information returns for payment to third parties. For information reporting purposes, a payment made by the fund on behalf of a claimant or transferor is considered a distribution to the claimant or transferor and is also subject to information reporting requirements.

The same filing requirements, exceptions, and thresholds may apply to qualified settlement funds as apply to any other payer. That is, the fund must determine the character of the payment (for example, interest, fixed or determinable income, or gross proceeds from broker transactions) and to whom the payment is made (for example, corporation or individual).

For more information, see Regulations section 1.468B-2(l). Also, see Treasury Decision (T.D.) 9249, 2006-10 I.R.B. 546, available at [IRS.gov/irb/2006-10_IRB#TD-9249](https://www.irs.gov/irb/2006-10_IRB#TD-9249). T.D. 9249 relates to escrow and similar funds.

Payments to foreign persons. See the Instructions for Form 1042-S, relating to U.S. source income of foreign persons, for reporting requirements relating to payments to foreign persons.

Widely held fixed investment trusts (WHFITs).

Trustees and middlemen of WHFITs are required to report all items of gross income and proceeds on the appropriate Form 1099. For the definition of a WHFIT, see Regulations section 1.671-5(b)(22). A tax information statement that includes the information provided to the IRS on Forms 1099, as well as additional information identified in Regulations section 1.671-5(e), must be furnished to trust interest holders (TIHs).

Items of gross income (including original issue discount (OID)) attributable to the TIH for the calendar year, including all amounts of income attributable to selling, purchasing, or redeeming of a trust holder's interest in the WHFIT, must be reported. Items of income that are required to be reported, including non-pro rata partial principal payments, trust sales proceeds, redemption asset proceeds, and sales of a trust interest on a secondary market, must be reported on Form 1099-B. See Regulations section 1.671-5(d).

Safe harbor rules for determining the amount of an item to be reported on Form 1099 and a tax information statement with respect to a TIH in a non-mortgage WHFIT (NMWHFIT) and a widely held mortgage trust (WHMT) are found in Regulations sections 1.671-5(f) and (g), respectively.

Trustees and middlemen must follow all the rules for filing Forms 1099 with the IRS and furnishing a statement to the TIH (except as noted below) as described in parts A through S of these instructions. Trustees and middlemen should also follow the separate instructions for Forms 1099-B, 1099-DIV, 1099-INT, 1099-MISC, and 1099-OID, as applicable, which may address additional income reporting requirements.

Due date and other requirements for furnishing statement to TIH. The written tax information for 2024 furnished to the TIH is due on or before March 17, 2025. For other items of expense and credit that must be reported to the TIH, see Regulations section 1.671-5(c).

There is no reporting requirement if the TIH is an exempt recipient unless the trustee or middleman backup withholds under section 3406. If the trustee or middleman backup withholds, then follow the rules in [part N](#). An exempt recipient for this purpose is defined in Regulations section 1.671-5(b)(7).

Reporting to foreign persons. Items of a WHFIT attributable to a TIH who is not a U.S. person must be reported and amounts withheld following the provisions of sections 1441 through 1464. See Form 1042-S and its separate instructions for more information.

Foreign Account Tax Compliance Act (FATCA) Filing Requirements of Certain Foreign Financial Institutions (FFIs)

If you are required to report an account that is a U.S. account under chapter 4 of the Internal Revenue Code, you may be eligible to elect to report the account on Form(s) 1099 instead of on Form 8966, FATCA Report.



If the account is either a U.S. account held by a passive nonfinancial foreign entity (NFFE) that is a U.S.-owned foreign entity or an account held by an owner-documented FFI, do not file a Form 1099 with respect to such an account. Instead, you must file Form 8966, in accordance with its requirements and its accompanying instructions, to report the account for chapter 4 purposes.

Election described in Regulations section

1.1471-4(d)(5)(i)(A). You are eligible to make this election to report an account on Form(s) 1099 if:

- You are a participating FFI (including a Reporting Model 2 FFI) (PFFI) or are a registered deemed-compliant FFI (RDC FFI) (other than a Reporting Model 1 FFI) required to report a U.S. account as a condition of your applicable RDC FFI status (see Regulations section 1.1471-5(f)(1)(i));
- You are required to report the account as a U.S. account for chapter 4 purposes; and
- The account is a U.S. account held by a specified U.S. person.

Election described in Regulations section

1.1471-4(d)(5)(i)(B). You are eligible to make this election to report an account on Form(s) 1099 if:

- You are a PFFI or are an RDC FFI (other than a Reporting Model 1 FFI) required to report a U.S. account as a condition of your applicable RDC FFI status (see Regulations section 1.1471-5(f)(1)(i));
- You are required to report the account as a U.S. account for chapter 4 purposes; and
- The account is a U.S. account held by a specified U.S. person that is a cash value insurance contract or annuity contract that you elect to report in a manner similar to section 6047(d).

You may make an election described in Regulations section 1.1471-4(d)(5)(i)(A) or (B) either with respect to all such U.S. accounts or with respect to any clearly identified group of such accounts (for example, by line of business or by location where the account is maintained).

Special reporting by U.S. payer described in Regulations section 1.1471-4(d)(2)(iii)(A).

If you are a U.S. payer that is a PFFI other than a U.S. branch, you may also satisfy your requirement to report with respect to a U.S. account for chapter 4 purposes by reporting on each appropriate Form 1099 in the manner described in Regulations section 1.1471-4(d)(2)(iii)(A).

Reporting procedure. If you are an FFI that is eligible to make an election described in Regulations section 1.1471-4(d)(5)(i)(A) or (B) or are a U.S. payer reporting as described in Regulations section 1.1471-4(d)(2)(iii)(A), you must do so by filing each appropriate Form 1099 with the IRS and reporting the payments required to be reported by a U.S. payer (as defined in Regulations section 1.6049-5(c)(5)) with respect to the account. However, see [Payments required to be reported](#), later. Also see the separate specific instructions for each form to determine which form to file.



TIP All Form 1099 filers must have an EIN. If you have not previously filed a Form 1099 or other return, you must obtain an EIN and include it on each Form 1099 that you file. See [part K](#) for more information, including how to obtain an EIN and exceptions to the EIN rule.

In addition to the information otherwise required to be reported on the appropriate Form 1099, you must also include the following information for each account you are reporting as described in Regulations section 1.1471-4(d)(2)(iii)(A) or (d)(5)(i)(A) or (B).

- The name, address, and TIN of the account holder.
- The account number.
- If applicable, the jurisdiction of the branch that maintains the account being reported by adding the branch's jurisdiction after the payer's name, that is, "Payer's Name (Jurisdiction X branch)."



CAUTION If you are an FFI making an election described in Regulations section 1.1471-4(d)(5)(i)(A) or (B), or are a U.S. payer reporting as described in Regulations section 1.1471-4(d)(2)(iii)(A), you are required to report the payee's account number on each Form 1099 you file (regardless of the fact that the account number may otherwise be optional for purposes of reporting on the applicable Form 1099).

If you are a sponsoring entity that is reporting a U.S. account on behalf of a sponsored FFI described above, report on the appropriate Form(s) 1099 the following information in the payer boxes (if filing on paper) or in the appropriate fields of the payer record (if e-filing).

- For the name, enter the sponsored FFI's name on the first line and the sponsoring entity's name on the second line.
- For the address, enter the sponsoring entity's address.
- For the federal (or taxpayer) identification number, enter the sponsored FFI's EIN.

In addition, if you are e-filing, enter numeric code "1" in the "Transfer Agent Indicator" field. See Pub. 1220 for e-file of forms. If you are filing on paper, enter your Global Intermediary Identification Number (GIIN) in the lower right-hand portion of the title area on the top of Form 1096. For transmittal of paper forms, see Form 1096 and its accompanying instructions.

If you are an FFI described above that is electing to report an account to which you did not make any payments for the calendar year that are required to be reported on a Form 1099, you must report the account on Form 1099-MISC or Form 1099-NEC. In addition, if you made any payments for the calendar year that would be required to be reported on a Form 1099 if not for an applicable dollar amount threshold, you must also report the account on Form 1099-MISC or Form 1099-NEC. See the Instructions for Forms 1099-MISC and 1099-NEC.

Payments required to be reported. If you make an election described in Regulations section 1.1471-4(d)(5)(i)(A) or (B), you are required to report any payments made to the account as required for purposes of the election, that is, payments that would be reportable under sections 6041, 6042, 6045, and 6049 if you were a U.S. payer.



CAUTION Reporting under chapter 4 does not affect an FFI's otherwise applicable obligations to report payments as a payer under chapter 61.

Forms 1099 used. The payments required to be reported under this election for calendar year 2024 must be reported, as applicable, on Form 1099-B, Proceeds From Broker or Barter Exchange Transactions; 1099-DIV, Dividends and Distributions; 1099-INT, Interest Income; 1099-MISC, Miscellaneous Information; 1099-NEC, Nonemployee Compensation; 1099-OID, Original Issue Discount; or 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. Also see the separate specific instructions for each form.

Definitions. Generally, for detailed information about definitions that apply for purposes of chapter 4, see Regulations section 1.1471-1(b). A Reporting foreign intermediary (FI) under a Model 2 Intergovernmental Agreement (IGA) should also refer to definitions that may apply under that IGA or apply pursuant to any applicable domestic law pertaining to its FATCA obligations. Solely for purposes of filing Forms 1099, the following definitions are provided to help guide filers through the process.

Account. An account means a financial account described in Regulations section 1.1471-5(b), including a cash value insurance contract and annuity contract.

Account holder. An account holder is the person who holds a financial account, as determined under Regulations section 1.1471-5(a)(3).

Foreign financial institution (FFI). An FFI generally means a foreign entity that is a financial institution.

Owner-documented FFI. An owner-documented FFI is an FFI described in Regulations section 1.1471-5(f)(3).

Participating FFI (PFFI). A PFFI is an FFI that has agreed to comply with the requirements of an FFI agreement with respect to all branches of the FFI, other than a branch that is a Reporting Model 1 FFI or a U.S. branch. The term "PFFI" also includes an FFI described in a Model 2 IGA that has agreed to comply with the requirements of an FFI agreement with respect to a branch, and a [qualified intermediary \(QI\)](#) branch of a U.S. financial institution, unless such branch is a Reporting Model 1 FFI.

Recalcitrant account holder. A recalcitrant account holder is an account holder (other than an account holder that is an FFI) of a PFFI or RDC FFI that has failed to provide the FFI maintaining its account with the information required under Regulations section 1.1471-5(g).

Registered deemed-compliant FFI (RDC FFI). An RDC FFI is an FFI described in Regulations section 1.1471-5(f)(1), and includes a Reporting Model 1 FFI, a QI branch of a U.S. financial institution that is a Reporting Model 1 FFI, and a nonreporting [foreign intermediary \(FI\)](#) treated as an RDC FFI under a Model 2 IGA.

Reporting Model 1 FFI. A Reporting Model 1 FFI is an FI, including a foreign branch of a U.S. financial institution, treated as a reporting financial institution under a Model 1 IGA.

Reporting Model 2 FFI. A Reporting Model 2 FFI is an FI or branch of an FI treated as a reporting financial institution under a Model 2 IGA.

Specified U.S. person. A specified U.S. person is any U.S. person described in Regulations section 1.1473-1(c).

Sponsored FFI. A Sponsored FFI is an FFI that is an investment entity, a controlled foreign corporation, or a closely held investment vehicle that has a Sponsoring Entity that performs certain due diligence, withholding, and reporting obligations on behalf of the Sponsored FFI.

Sponsoring Entity. A Sponsoring Entity is an entity that has registered with the IRS to perform the due diligence, withholding, and reporting obligations of one or more Sponsored FFIs or Sponsored Direct Reporting NFFEs.

U.S. account. A U.S. account is any account held by one or more specified U.S. persons. A U.S. account also includes any account held by a passive NFFE that has one or more substantial U.S. owners, or in the case of a Reporting Model 2 FFI, any account held by a passive NFFE that has one or more controlling persons that are specified U.S. persons. See Regulations section 1.1471-5(a) and an applicable Model 2 IGA.

B. Other Information Returns

The income information you report on the following forms must not be repeated on Forms 1099 or W-2G.

- Form W-2, reporting wages and other employee compensation.
- Forms 1042-S and 1000, reporting income to foreign persons.
- Form 2439, reporting undistributed long-term capital gains of a regulated investment company (RIC) or real estate investment trust (REIT).
- Schedule K-1 or K-3 (Form 1065), reporting distributive shares to members of a partnership.
- Schedule K-1 (Form 1041), reporting distributions to beneficiaries of trusts or estates.
- Schedule K-1 or K-3 (Form 1120-S), reporting distributive shares to shareholders of S corporations.
- Schedule K of Form 1120-IC-DISC, reporting actual and constructive distributions to shareholders and deferred DISC income.
- Schedule Q (Form 1066), reporting income from a real estate mortgage investment conduit (REMIC) to a residual interest holder.

C. When To File

Except as indicated below, file Forms 1097, 1098, 1099, 3921, 3922, or W-2G on paper by February 28, 2025, or March 31, 2025, if e-filing. File Forms 5498, 5498-ESA, 5498-QA, and 5498-SA by June 2, 2025. Form 1096 must accompany all paper submissions. See [part E](#) for paper and [part F](#) for e-file requirements.



The following are exceptions to the filing deadlines shown above.

- File and furnish a copy of Form 1099-NEC on paper or electronically by January 31, 2025.
- Form 1099-SB is generally due by February 28, 2025, or March 31, 2025, if e-filing, but see Regulations section 1.6050Y-3(c) for a special exception.

You will meet the requirement to file timely if the form is properly addressed, postmarked, and mailed using the official mail of the United States, or a private delivery service (PDS) designated by the IRS on or before the due date. If the regular due date falls on a Saturday, Sunday, or legal holiday in the District of Columbia or where the return is to be filed, file by the next business day. A business day is any day that is not a Saturday, Sunday, or legal holiday in the District of Columbia or where the return is to be filed. See [part M](#) about providing Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G or statements to recipients. See section 11 of Pub. 15 for a list of legal holidays.

Private delivery services (PDSs). You can use certain PDSs designated by the IRS to meet the “timely mailing as timely filing” rule for information returns. Go to [IRS.gov/PDS](https://www.irs.gov/PDS) for the current list of designated PDSs.

The PDS can tell you how to get written proof of the mailing date.

For the IRS mailing address to use if you’re using a PDS, go to [IRS.gov/PDSstreetAddresses](https://www.irs.gov/PDSstreetAddresses) and select the address that corresponds with the city of the address where you would otherwise mail your information returns under [D. Where To File](#), later.



PDSs can't deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address. Go to [IRS.gov/PDSstreetAddresses](https://www.irs.gov/PDSstreetAddresses) for the street addresses to be used by PDSs.

Reporting period. Forms 1097, 1098, 1099, 3921, 3922, and W-2G are used to report amounts received, paid, credited, donated, transferred, or canceled, in the case of Form 1099-C, during the calendar year. Forms 5498, 5498-ESA, 5498-QA, and 5498-SA are used to report amounts contributed and the fair market value (FMV) of an account for the calendar year.

Extension of time to file. You can get an automatic 30-day extension of time to file by completing Form 8809. The form may be submitted on paper, or through the FIRE System either as a fill-in form or an electronic file. A signature or explanation may be required for the extension. However, you must file Form 8809 by the due date of the returns in order to get the 30-day extension. Under certain hardship conditions, you may apply for an additional 30-day extension. See Form 8809 for more information.



For Forms W-2 and 1099-NEC, no automatic extension is available. See Form 8809.



For tax year 2024, requests for extensions of time to file Form 5498-QA may be filed on paper only.

How to apply. As soon as you know that a 30-day extension of time to file is needed, file Form 8809.

- Follow the instructions on Form 8809 and mail it to the address listed in the instructions on the form. See the instructions for Form 8809 for more information.
- You can submit the extension request online through the FIRE System. You are encouraged to submit requests using the online fillable form. See *Part B* in Pub. 1220 for more information on filing online or e-filing.

Extension for statements to recipients. For information on requesting an extension of time to furnish statements to recipients, see [Extension of time to furnish statements to recipients](#) under *part M*.

D. Where To File



Use the 3-line address for your state for mailing information returns.

Send all information returns filed on paper to the following.

If your principal business, office or agency, or legal residence in the case of an individual, is located in:

Use the following address:

Alabama, Arizona, Arkansas, Delaware, Florida, Georgia, Kentucky, Maine, Massachusetts, Mississippi, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Texas, Vermont, Virginia

Internal Revenue Service
Austin Submission Processing Center
P.O. Box 149213
Austin, TX 78714

Alaska, Colorado, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Utah, Washington, Wisconsin, Wyoming

Department of the Treasury
IRS Submission Processing Center
P.O. Box 219256
Kansas City, MO 64121-9256

California, Connecticut, District of Columbia, Louisiana, Maryland, Pennsylvania, Rhode Island, West Virginia

Department of the Treasury
IRS Submission Processing Center
1973 North Rulon White Blvd.
Ogden, UT 84201

If your legal residence or principal place of business, or principal office or agency, is outside the United States, use the following address.

Internal Revenue Service
Austin Submission Processing Center
P.O. Box 149213
Austin, TX 78714

State and local tax departments. Contact the applicable state and local tax department as necessary for reporting requirements and where to file.

E. Filing Returns With the IRS

The IRS strongly encourages the quality review of data before filing to prevent erroneous notices from being mailed to payees (or others for whom information is being reported).



Generally, you are not required to report payments smaller than the minimum described for a form; however, you may prefer, for economy and your own convenience, to file Copies A for all payments. The IRS encourages this.

If you must file any Form 1097, 1098, 1099, 3921, 3922, 5498, or W-2G with the IRS and you are filing paper forms, you must send a Form 1096 with each type of form as the transmittal document. You must group the forms by form number and submit each group with a separate Form 1096. For example, if you file Forms 1098, 1099-A, and 1099-MISC, complete one Form 1096 to transmit Forms 1098, another for Forms 1099-A, and a third for Forms 1099-MISC. Specific instructions for completing Form 1096 are included on the form. Also, see [Transmitters, paying agents, etc.](#), later. For information about filing corrected paper returns, see [part H](#).



Because the IRS processes paper forms by machine (optical character recognition equipment), you cannot file Form 1096 or Copy A of Forms 1098, 1099, 3921, or 5498 that you print from the IRS website. But see [Online fillable forms](#), later, for some forms that you can fill in and print from the IRS website. Additionally, you can still use Copy B of online forms to provide recipient statements, even if you can't file the online forms with the IRS.

You can order information returns and instructions online at [IRS.gov/OrderForms](https://www.irs.gov/OrderForms), or you can mail an order to the address in [part T](#).

See Pub. 1179 for specifications for private printing of substitute information returns. You may not request special consideration. Only forms that conform to the official form and the specifications in Pub. 1179 are acceptable for filing with the IRS.

Online fillable forms. Due to the very low volume of paper Forms 1097-BTC, 1098-C, 1098-MA, 1098-Q, 1099-CAP, 1099-LTC, 1099-Q, 1099-QA, 1099-SA, 3922, 5498-ESA, 5498-QA, and 5498-SA received and processed by the IRS each year, these forms have been converted to online fillable PDFs. You may fill out these forms, found online at [IRS.gov/FormsPubs](https://www.irs.gov/FormsPubs), and send Copy B to each recipient. For filing with the IRS, follow your usual procedures for e-filing if you are filing 10 or more information returns. If you are filing any of these forms on paper due to a low volume of recipients, **for these forms only**, you may file a black-and-white Copy A that you print from the IRS website with Form 1096. See [part G](#) for paper document reporting. You must not use these online fillable forms if you are required to e-file.

Transmitters, paying agents, etc. A transmitter, service bureau, paying agent, or disbursing agent (hereafter referred to as "agent") may sign Form 1096 on behalf of any person required to file (hereafter referred to as "payer") if the conditions in (1) and (2) below are met.

1. The agent has the authority to sign the form under an agency agreement (oral, written, or implied) that is valid under state law.

2. The agent signs the form and adds the caption "For: (Name of payer)."

Signing of the form by an authorized agent on behalf of the payer does not relieve the payer of the liability for penalties for not filing a correct, complete, and timely Form 1096 and accompanying returns.

Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G, or acceptable substitute statements, to recipients issued by a service bureau or agent should show the same payer's name as shown on the information returns filed with the IRS.

For information about the election to report and deposit backup withholding under the agent's TIN and how to prepare forms if the election is made, see Rev. Proc. 84-33, 1984-1 C.B. 502, and the Instructions for Form 945.

Keeping copies. Generally, keep copies of information returns you filed with the IRS, or have the ability to reconstruct the data, for at least 3 years (4 years for Form 1099-C), from the due date of the returns. Keep copies of information returns for 4 years if backup withholding was imposed.

Shipping and mailing. Send the forms to the IRS in a flat mailer (not folded). If you are sending many forms, you may send them in conveniently sized packages. On each package, write your name, number the packages consecutively, and place Form 1096 in package number 1. Postal regulations require forms and packages to be sent by First-Class Mail.

F. Electronic Reporting

E-file is available, and may be required, for filing all information returns discussed in these instructions, other than Form 5498-QA (see *Who must e-file*, later). Different types of payments, such as interest, dividends, and rents, may be reported in the same submission.



You can e-file Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G, **except Form 5498-QA**, through the Filing

Information Returns Electronically System (FIRE System); however, you must have software that can produce a file in the proper format according to Pub. 1220. Pub. 1220 provides the procedures for reporting electronically and is updated annually. Pub. 1220 is available at [IRS.gov](https://www.irs.gov). The FIRE System does not provide a fill-in form option for information return reporting. The FIRE System operates 24 hours a day, 7 days a week. You may access the FIRE System online at [FIRE.irs.gov](https://fire.irs.gov). Forms 1099 may also be e-filed using IRIS, described later, without special software.



Form 5498-QA can only be filed on paper.

Information Reporting Intake System (IRIS). The IRS has developed a free online portal that allows taxpayers to e-file Forms 1099 after December 31, 2022, for 2022 and later returns. Users should follow the specifications in Pub.

5717, IRIS Taxpayer Portal User Guide. Go to [IRS.gov/IRIS](https://www.irs.gov/IRIS) for additional information and updates.

Due dates. E-file Forms 1097, most Forms 1098, and most Forms 1099, 3921, 3922, or W-2G by March 31, 2025. File Forms 5498, 5498-ESA, 5498-QA, or 5498-SA by June 2, 2025. See *part M* about furnishing Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G, or statements, to recipients.



File Form 1099-NEC by January 31, 2025.

How to request an extension of time to file. For information about requesting an extension of time to file, see *Extension of time to file*, earlier, under *part C*.



If you e-file, do not file the same returns on paper.

Who must e-file. If you are required to file 10 or more information returns during the year, you must e-file. The 10-or-more requirement **does not** apply separately to each type of form. For example, if you must file four Forms 1098 and six Forms 1099-A, you must e-file.

The e-file requirement does not apply if you apply for and receive a hardship waiver. See *How to request a waiver from e-filing*, later.



If you are required to e-file but fail to do so, and you do not have an approved waiver, you may be subject to a penalty.



The IRS encourages you to e-file.

Filing requirement does not apply separately to originals and corrections. The e-filing requirement does not apply separately to original returns and corrected returns. If your original information returns are required to be e-filed, any corrected information return must also be e-filed. For example, if you e-file five Forms 1098 and five Forms 1099-DIV and you are making four corrections, your corrections must also be e-filed.

How to report incorrect payer name and/or TIN. If a payer discovers an error in reporting the payer (not recipient) name and/or TIN, write a letter containing the following information.

1. Name and address of the payer.
2. Type of error (including the incorrect payer name/TIN that was reported).
3. Tax year.
4. Payer TIN.
5. Transmitter Control Code (TCC).
6. Type of return.
7. Number of payees.
8. Filing method (paper or electronic).
9. Was federal income tax withheld?

Send the letter to:



CAUTION If a payer realizes duplicate reporting or a large percentage of incorrect information has been filed, contact the information reporting customer service site at 866-455-7438 for further instructions.

How to get approval to e-file. You will need to apply for a Transmitter Control Code (TCC) to e-file information returns. You can e-file Forms 1099 using IRIS and/or FIRE. A separate TCC is required for each system, IRIS-TCC and/or FIRE-TCC. An IRIS TCC will not work for FIRE and vice versa. An EIN is required to apply for a TCC. As the TCC application process may take up to 45 days to process, you should apply before the filing season. Once you receive your TCC, it can be used from year to year. See [IRS.gov/InfoReturn](https://www.irs.gov/InfoReturn) for more information.



CAUTION Form 4419 will no longer be accepted to update information for those that received their TCC before September 26, 2021. See [IRS.gov/FIRE](https://www.irs.gov/FIRE) for more information.

How to request a waiver from e-filing. To receive a waiver from the required e-filing of information returns, submit Form 8508 at least 45 days before the due date of the returns for which you are requesting a waiver. You cannot apply for a waiver for more than 1 tax year at a time. If you need a waiver for more than 1 tax year, you must reapply at the appropriate time each year.

If a waiver for original returns is approved, any corrections for the same types of returns will be covered under the waiver. However, if you e-filed original returns but you want to submit your corrections on paper, a waiver must be approved for the corrections.

If you receive an approved waiver, do not send a copy of it to the IRS Submission Processing Center where you file your paper returns. Keep the waiver for your records only.

Penalty. If you are required to e-file but fail to do so, and you do not have an approved waiver, you may be subject to a penalty for failure to file electronically unless you establish reasonable cause. For most of the information returns discussed in these instructions, the maximum penalty is \$330 per return. However, the penalty for a failure to file timely electronically applies only to the extent the number of returns exceeds 10. See [part O](#).

The penalty does not apply separately to original returns and corrected returns. See [Filing requirement does not apply separately to originals and corrections](#), earlier.

G. Paper Document Reporting

If you are required to file 10 or more information returns, see [part F](#).

Follow these guidelines.

1. Although handwritten forms are acceptable, they must be completely legible and accurate to avoid

processing errors. Handwritten forms often result in name/TIN mismatches. Use block print, not script characters. If you have a small number of forms, consider contacting an IRS business partner who may be able to prepare them with little or no cost to you. See (5) below for details. Type entries using black ink in 12-point Courier font. Copy A is read by machine and must be typed clearly using no corrections in the data entry fields. Data must be printed in the middle of the blocks, well separated from other printing and guidelines. Entries completed by hand, or using script, italic, or proportional spaced fonts, or in colors other than black, cannot be read correctly by machine. Make all dollar entries without the dollar sign, but include the decimal point (for example, 0000.00). Show the cents portion of the money amounts. If a box does not apply, leave it blank.

2. Do not enter 0 (zero) or “None” in money amount boxes when no entry is required. Leave the boxes blank unless the instructions specifically require that you enter a 0 (zero). For example, in some cases, you must enter 0 (zero) to make corrections. See [part H](#).

3. Do not enter number signs (#)—RT 2, not Rt. #2.

4. Send the entire page of Copy A of your information returns with Form 1096 to the IRS even if some of the forms are blank or void. Do not use staples on any forms.

5. To locate an IRS business partner who may be able to offer low-cost or even free filing of certain forms, enter “e-file for Business Partners” in the search box on [IRS.gov](https://www.irs.gov).

Multiple filings. If, after you file Forms 1097, 1098, 1099, 3921, 3922, 5498, or W-2G, you discover additional forms that are required to be filed, file these forms with a new Form 1096. Do not include copies or information from previously filed returns.

Required format. Because paper forms are scanned, all Forms 1096 and Copies A of Forms 1097, 1098, 1099, 3921, 3922, and 5498 must be prepared in accordance with the following instructions. If these instructions are not followed, you may be subject to a penalty for each incorrectly filed document. See [part O](#).

1. Do not cut or separate Copies A of the forms that are printed two or three to a sheet (except Form W-2G). Generally, Forms 1097, 1098, 1099, 3921, 3922, and 5498 are printed two or three to an 8¹/₂ x 11 inch sheet. Form 1096 is printed one to an 8¹/₂ x 11 inch sheet. These forms must be submitted to the IRS on the 8¹/₂ x 11 inch sheet. If at least one form on the page is correctly completed, you must submit the entire page. Forms W-2G may be separated and submitted as single forms. Send the forms to the IRS in a flat mailer (not folded).

2. Forms 1098, 1098-MA, 1099-A, 1099-C, 1099-CAP, 1099-G, 1099-H, 1099-INT, 1099-K, 1099-LTC, 1099-PATR, 1099-QA, 1099-S, 1099-SA, 5498-ESA, 5498-QA, and 5498-SA that you print from [IRS.gov](https://www.irs.gov) will print 1-to-a-page on 8¹/₂ x 11 inch paper. Do not cut off the excess paper, unless you are using a pinfeed printer. If so, remove the pinfeed strip.

3. No photocopies of any forms are acceptable. See [How To Get Forms, Publications, and Other Assistance](#), later.

4. Do not staple, tear, or tape any of these forms. It will interfere with the IRS's ability to scan the documents.

5. Pinfeed holes on the form are not acceptable. Pinfeed strips outside the 8½ x 11 inch area must be removed before submission, without tearing or ripping the form. Substitute forms prepared in continuous or strip form must be burst and stripped to conform to the size specified for a single sheet (8½ x 11 inches) before they are filed with the IRS.

6. Do not change the title of any box on any form. Do not use a form to report information that is not properly reportable on that form. If you are unsure of where to report the data, call the information reporting customer service site at 866-455-7438 (toll free).

7. Report information only in the appropriate boxes provided on the forms. Make only one entry in each box unless otherwise indicated in the form's specific instructions.

8. Do not submit any copy other than Copy A to the IRS.

9. Do not use prior year forms unless you are reporting prior year information. Do not use subsequent year forms for the current year. Because forms are scanned, you must use the current year form to report current year information.

10. Use the official forms or substitute forms that meet the specifications in Pub. 1179. If you submit substitute forms that do not meet the current specifications and that are not scannable, you may be subject to a penalty for each return for improper format. See [part O](#).

11. Do not use dollar signs (\$) (they are preprinted on the forms), ampersands (&), asterisks (*), commas (,), or other special characters in money amount boxes.

12. Do not use apostrophes ('), asterisks (*), or other special characters on the payee name line.

Common errors. Be sure to check your returns to prevent the following common errors.

1. Duplicate filing. Do not send the same information to the IRS more than once. Also see [Multiple filings](#), earlier.

2. Filer's name, address, and TIN are not the same on Form 1096 and the attached Forms 1097, 1098, 1099, 3921, 3922, 5498, or W-2G.

3. Decimal point to show dollars and cents omitted. For example, 1230.00 is correct, not 1230.

4. Two or more types of returns submitted with one Form 1096 (for example, Forms 1099-INT and 1099-MISC with one Form 1096). You must submit a separate Form 1096 with each type of return.

H. Corrected Returns on Paper Forms



To file corrections for e-filed forms, see [part F](#) and [Pub. 1220](#).

If you filed a return with the IRS and later discover you made an error on it, you must:

- Correct it as soon as possible and file Copy A and Form 1096 with your IRS Submission Processing Center (see [part D](#)), and
- Furnish statements to recipients showing the correction.

When making a correction, complete all information (see [Filing corrected returns on paper forms](#), later).

• Do not cut or separate forms that are two or three to a page. Submit the entire page even if only one of the forms on the page is completed.

- Do not staple the forms to Form 1096.
- Do not send corrected returns to the IRS if you are correcting state or local information only. Contact the state or local tax department for help with this type of correction.

To correct payer information, see [Reporting incorrect payer name and/or TIN](#), earlier.

Form 1096. Use a separate Form 1096 for each type of return you are correcting. For the same type of return, you may use one Form 1096 for both originals and corrections. You do not need to correct a previously filed Form 1096.

CORRECTED checkbox. Enter an "X" in the "CORRECTED" checkbox only when correcting a form previously filed with the IRS or furnished to the recipient. Certain errors require two returns to make the correction. See [Filing corrected returns on paper forms](#), later, to determine when to check the "CORRECTED" checkbox.

Account number. If the account number was provided on the original return, the same account number must be included on both the original and corrected returns to properly identify and process the correction. If the account number was not provided on the original return, do not include it on the corrected return. See [part L](#).

Recipient's statement. You may enter a date next to the "CORRECTED" checkbox. This will help the recipient in the case of multiple corrections.

Filing corrected returns on paper forms. The [Error Charts for Filing Corrected Returns on Paper Forms](#), later, give step-by-step instructions for filing corrected returns for the most frequently made errors. They are grouped under Error Type 1 or 2. Correction of errors may require the submission of more than one return. Be sure to read and follow the steps given.



If you fail to file correct information returns or furnish a correct payee statement, you may be subject to a penalty. See [part O](#). Regulations section 301.6724-1 (relating to information return penalties) does not require you to file corrected returns for missing or incorrect TINs if you meet the reasonable-cause criteria. You are merely required to include the correct TIN on the next original return you are required to file.

However, even if you meet the reasonable-cause criteria, the IRS encourages you to file corrections for incorrect or missing TINs so that the IRS can update the payees' records.

I. Void Returns

An “X” in the “VOID” box at the top of the form will not correct a previously filed return. See [part H](#) for instructions for making corrections.

VOID box. If a completed or partially completed Form 1097, 1098, 1099, 3921, 3922, or 5498 is incorrect and you want to void it before submission to the IRS, enter an “X” in the “VOID” box at the top of the form. For example, if you make an error while typing or printing a form, you should void it. The return will then be disregarded during processing by the IRS. Go to the next form on the page, or to another page, and enter the correct information; but do not check the “CORRECTED” checkbox. Do not cut or separate the forms that are two or three to a page. Submit the entire page even if only one of the forms on the page is a good return.

Error Charts for Filing Corrected Returns on Paper Forms

Identify the correction needed based on **Error Type 1 or 2**; then follow the steps to make the corrections and file the form(s). Also see [part H](#), earlier.

Error Type 1	Correction
<p>Incorrect money amount(s), code, or checkbox</p> <p>A return was filed when one should not have been filed.</p> <p>These errors require only one return to make the correction.</p> <p>Caution: If you must correct a TIN or a payee name, follow the instructions under Error Type 2.</p>	<p>A. Form 1097, 1098, 1099, 3921, 3922, 5498, or W-2G</p> <ol style="list-style-type: none"> 1. Prepare a new information return. 2. Enter an "X" in the "CORRECTED" box (and date (optional)) at the top of the form. 3. Correct any recipient information such as money amounts. Report other information as per the original return. <p>B. Form 1096</p> <ol style="list-style-type: none"> 1. Prepare a new transmittal Form 1096. 2. Provide all requested information on the form as it applies to Part A, 1 and 2. 3. File Form 1096 and Copy A of the return with the appropriate IRS Submission Processing Center. 4. Do not include a copy of the original return that was filed incorrectly.

Error Type 2	Correction
<p>No payee TIN (SSN, EIN, QI-EIN, or ITIN), or Incorrect payee TIN, or Incorrect payee name, or</p> <p>Original return filed using wrong type of return (for example, a Form 1099-DIV was filed when a Form 1099-INT should have been filed).</p> <p>Two separate returns are required to make the correction properly. Follow all instructions for both Steps 1 and 2.</p>	<p>Step 1. Identify incorrect return submitted.</p> <ol style="list-style-type: none"> 1. Prepare a new information return. 2. Enter an "X" in the "CORRECTED" box (and date (optional)) at the top of the form. 3. Enter the payer, recipient, and account number information exactly as it appeared on the original incorrect return; however, enter -0- (zero) for all money amounts. <p>Step 2. Report correct information.</p> <p>A. Form 1097, 1098, 1099, 3921, 3922, 5498, or W-2G</p> <ol style="list-style-type: none"> 1. Prepare a new information return. 2. Do not enter an "X" in the "CORRECTED" box at the top of the form. Prepare the new return as though it is an original. 3. Include all the correct information on the form including the correct TIN and name. <p>B. Form 1096</p> <ol style="list-style-type: none"> 1. Prepare a new transmittal Form 1096. 2. Enter one of the following phrases in the bottom margin of the form. <ul style="list-style-type: none"> • Filed To Correct TIN. • Filed To Correct Name. • Filed To Correct Return. 3. Provide all requested information on the form as it applies to the returns prepared in Steps 1 and 2. 4. File Form 1096 and Copy A of the return with the appropriate IRS Submission Processing Center. 5. Do not include a copy of the original return that was filed incorrectly.

J. Recipient Names and Taxpayer Identification Numbers (TINs)


Recipient names. Show the full name and address in the section provided on the information return. If payments have been made to more than one recipient or the account is in more than one name, show on the first name line the name of the recipient whose TIN is first shown on the return. You may show the names of any other individual recipients in the area below the first line, if desired. Form W-2G filers, see the Instructions for Forms W-2G and 5754.

Sole proprietors. You must show the individual's name on the first name line; on the second name line, you may enter the "doing business as (DBA)" name. You may not enter only the DBA name. For the TIN, enter either the individual's social security number (SSN) or the EIN of the business (sole proprietorship). The IRS prefers that you enter the SSN.

Limited liability company (LLC). For a single-member LLC (including a foreign LLC with a U.S. owner) that is disregarded as an entity separate from its owner under Regulations section 301.7701-3, enter the owner's name only on the first name line and the LLC's name on the second name line. For the TIN, enter the owner's SSN (or EIN, if applicable). If the LLC is taxed as a corporation, partnership, etc., enter the entity's EIN.

Bankruptcy estate. If an individual (the debtor) for whom you are required to file an information return is in chapter 11 bankruptcy, and the debtor notified you of the bankruptcy estate's EIN, report post-petition gross income, gross proceeds, or other reportable payments on the applicable information return using the estate's name and EIN. The debtor should notify you when the bankruptcy is closed, dismissed, or converted, so that any subsequent information returns will be filed with the correct name and EIN. Different rules apply if the bankruptcy is converted to chapter 7, 12, or 13 of the Bankruptcy Code. For additional guidance, see Notice 2006-83, 2006-40 I.R.B. 596, available at [IRS.gov/irb/2006-40_IRB#NOT-2006-83](https://www.irs.gov/irb/2006-40_IRB#NOT-2006-83).

TINs. TINs are used to associate and verify amounts you report to the IRS with corresponding amounts on tax returns. Therefore, it is important that you report correct names, SSNs, individual taxpayer identification numbers (ITINs), EINs, or adoption taxpayer identification numbers (ATINs) for recipients on the forms sent to the IRS.

 Only one recipient TIN can be entered on the form.

Requesting a recipient's TIN. If the recipient is a U.S. person (including a U.S. resident alien), the IRS suggests that you request the recipient complete Form W-9, Request for Taxpayer Identification Number and Certification, or Form W-9S, Request for Student's or Borrower's Taxpayer Identification Number and Certification, as appropriate. Form W-9 is required to be completed by recipients of certain types of payments (as provided in Regulations section 31.3406(d)-1). See the Instructions for the Requester of Form W-9 for more information on how to request a TIN.

If the recipient is a foreign person, the IRS suggests that you request the recipient complete the appropriate Form W-8. See the Instructions for the Requester of Forms W-8BEN, W-8ECI, W-8EXP, and W-8IMY.



U.S. resident aliens who rely on a "saving clause" of a tax treaty are to complete Form W-9, not Form W-8BEN. See Pub. 515 and Pub. 519.

You may be subject to a penalty for an incorrect or missing TIN on an information return. See [part O](#) for more information. You are required to maintain the confidentiality of information obtained on a Form W-9/W-9S relating to the taxpayer's identity (including SSNs, EINs, ITINs, and ATINs), and you may use such information only to comply with the tax laws.



If the recipient does not provide a TIN, leave the box for the recipient's TIN blank on the Form 1097, 1098, 1099, 3921, 3922, 5498, or W-2G. Backup withholding may apply; see [part N](#).



If the recipient does not provide a TIN, you may not make the election described in Regulations section 1.1471-4(d)(5)(i)(A) or (B) or report as described in Regulations section 1.1471-4(d)(2)(iii)(A).

The TIN for individual recipients of information returns is the SSN, ITIN, or ATIN. See [Sole proprietors](#), earlier. For other recipients, including corporations, partnerships, and estates, the TIN is the EIN. Income reportable after the death of an individual must reflect the TIN of the payee, that is, of the estate or of the surviving joint owner. For more information, see *Personal Representative* in Pub. 559. For LLCs, see [Limited liability company \(LLC\)](#), earlier.

SSNs, ITINs, and ATINs have nine digits separated by two hyphens (000-00-0000), and EINs have nine digits separated by only one hyphen (00-0000000).

Note. Make sure you include the hyphen(s) in the correct place(s) when completing the paper form(s).



Expired ITINs may continue to be used for information return purposes regardless of whether they have expired for individual income tax return filing purposes. Additionally, the third parties who file and furnish information returns with an expired payee ITIN will not be subject to information return penalties under section 6721 or 6722 solely because the ITIN is expired. See Notice 2016-48, 2016-33 I.R.B. 235, available at [IRS.gov/irb/2016-33_IRB#NOT-2016-48](https://www.irs.gov/irb/2016-33_IRB#NOT-2016-48).

Truncating payee's TIN on payee statements. Filers of information returns are permitted to truncate a payee's TIN (SSN, ITIN, ATIN, or EIN) on most payee statements. The payee's TIN may not be truncated on Form W-2-G. Where permitted, filers may truncate a payee's TIN on the payee statement (including substitute and composite substitute statements) furnished to the payee in paper form or electronically. Generally, the payee statement is that copy of an information return designated "Copy B" on the form. A "payee" is any person who is required to receive a copy of the information set forth on an information return by the filer of the return. For some forms, the term "payee" will refer to beneficiary, borrower,


debtor, insured, participant, payer, policyholder, recipient, shareholder, student, or transferor. If a filer truncates a TIN on Copy B, other copies of the form furnished to the payee may also include a truncated number. A filer may not truncate a payee's TIN on any forms the filer files with the IRS. A filer's TIN may not be truncated on any form. To truncate where allowed, replace the first five digits of the nine-digit number with asterisks (*) or Xs (for example, an SSN xxx-xx-xxxx would appear on the paper payee statement as ***-**-xxxx or XXX-XX-xxxx). See T.D. 9675, 2014-31 I.R.B. 242, available at [IRS.gov/irb/2014-31_IRB#TD-9675](https://www.irs.gov/irb/2014-31_IRB#TD-9675).

Electronic submission of Forms W-9. Requesters may establish a system for payees and payees' agents to submit Forms W-9 electronically, including by fax. A requester is anyone required to file an information return. A payee is anyone required to provide a TIN to the requester.

Payee's agent. A payee's agent can be an investment adviser (corporation, partnership, or individual) or an introducing broker. An investment adviser must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940. The introducing broker is a broker-dealer that is regulated by the SEC and the National Association of Securities Dealers, Inc., and that is not a payer. Except for a broker who acts as a payee's agent for "readily tradable instruments," the adviser or broker must show in writing to the payer that the payee authorized the adviser or broker to transmit the Form W-9 to the payer.

Generally, the electronic system must do the following.

1. Ensure the information received is the information sent and document all occasions of user access that result in the submission.
2. Make reasonably certain the person accessing the system and submitting the form is the person identified on Form W-9.
3. Provide the same information as the paper Form W-9.
4. Be able to supply a hard copy of the electronic Form W-9 if the IRS requests it.
5. Require as the final entry in the submission an electronic signature by the payee whose name is on Form W-9 that authenticates and verifies the submission. The electronic signature must be under penalties of perjury and the perjury statement must contain the language of the paper Form W-9.


 *For Forms W-9 that are not required to be signed, the electronic system need not provide for an electronic signature or a perjury statement.*


Additional requirements may apply. See Announcement 98-27, available on page 30 of Internal Revenue Bulletin 1998-15 at [IRS.gov/pub/irs-irbs/irb98-15.pdf](https://www.irs.gov/pub/irs-irbs/irb98-15.pdf), and Announcement 2001-91, available on page 221 of Internal Revenue Bulletin 2001-36 at [IRS.gov/pub/irs-irbs/irb01-36.pdf](https://www.irs.gov/pub/irs-irbs/irb01-36.pdf).

Electronic submission of Forms W-9S. See the Instructions for Forms 1098-E and 1098-T.

K. Filer's Name, Taxpayer Identification Number (TIN), and Address

The TIN for filers of information returns, including sole proprietors and nominees/middlemen, is the EIN. However, sole proprietors and nominees/middlemen who are not otherwise required to have an EIN should use their SSNs. A sole proprietor is not required to have an EIN unless he or she has a Keogh plan or must file excise or employment tax returns (including to report backup withholding). See Pub. 583.

 *If you are an FFI making the election described in Regulations section 1.1471-4(d)(5)(i)(A) or (B), you are required to use an EIN and cannot, for purposes of filing a Form 1099, use your GIIN.*

 *The filer's name and TIN are required to match the name and TIN used on the filer's other tax returns (such as Form 945 to report backup withholding). The name of the filer's paying agent or service bureau must not be used in place of the name of the filer.*

For a single-member LLC (including a foreign LLC with a U.S. owner) that is disregarded as an entity separate from its owner under Regulations section 301.7701-3, enter the owner's name only on the first name line and the LLC's name on the second name line. For the TIN, enter the owner's SSN (or EIN, if applicable). If the LLC is taxed as a corporation, partnership, etc., enter the entity's EIN.

If you don't have an EIN, you may apply for one online by visiting the IRS website at [IRS.gov/EIN](https://www.irs.gov/EIN). You may also apply for an EIN by faxing or mailing Form SS-4 to the IRS. See the Instructions for Form SS-4 for more information.

L. Account Number Box on Forms

Use the account number or policy number box on Forms 1097, 1098, 1099, 3921, 3922, and 5498 for an account number designation. The account number is required if you have multiple accounts for a recipient for whom you are filing more than one information return of the same type. The account number is also required if you are an FFI making the election described in Regulations section 1.1471-4(d)(5)(i)(A) or (B) or are a U.S. payer reporting as described in Regulations section 1.1471-4(d)(2)(iii)(A). Additionally, the IRS encourages you to include the recipient's account number on paper forms if your system of records uses the account number rather than the name or TIN for identification purposes. Also, the IRS will include the account number in future notices to you about backup withholding. See Pub. 1220 if you are e-filing.

The account number may be a checking account number, savings account number, brokerage account number, serial number, loan number, policy number, or any other number you assign to the payee that is unique and will distinguish the specific account. This number must not appear anywhere else on the form, and this box may not be used for any other item unless the separate instructions indicate otherwise. Using unique account

numbers ensures that corrected information returns will be processed accurately.

If you are using window envelopes to mail statements to recipients and using reduced rate mail, be sure the account number does not appear in the window. The U.S. Postal Service may not accept these for reduced rate mail.

M. Statements to Recipients (Beneficiaries, Borrowers, Debtors, Donors, Employees, Insureds, Participants, Payment or Credit Recipients, Payers, Policyholders, Sellers, Shareholders, Students, Transferors, or Winners on Certain Forms)

If you are required to file Forms 1097, 1098, 1099, 3921, 3922, 5498, or W-2G, you must also furnish statements to recipients containing the information furnished to the IRS and, in some cases, additional information. Be sure that the statements you provide to recipients are clear and legible.

Substitute statements. If you are not using the official IRS form to furnish statements to recipients, see Pub. 1179 for specific rules about providing “substitute” statements to recipients. Generally, a substitute is any statement other than Copy B of the official form. You may develop them yourself or buy them from a private printer. However, the substitutes must comply with the format and content requirements specified in Pub. 1179 that is available on [IRS.gov](https://www.irs.gov).

Telephone number. You are required to include the telephone number of a person to contact on the following statements to recipients: W-2G, 1097-BTC, 1098, 1098-C, 1098-E, 1098-F, 1098-MA, 1098-Q, 1098-T, 1099-A, 1099-B, 1099-C, 1099-CAP, 1099-DIV, 1099-G (excluding state and local income tax refunds), 1099-INT, 1099-K, 1099-LS, 1099-LTC, 1099-MISC (excluding fishing boat proceeds), 1099-NEC, 1099-OID, 1099-PATR, 1099-Q, 1099-QA, 1099-R, 1099-S, 1099-SA, and 1099-SB. You may include the telephone number in any conspicuous place on the statements. This number must provide direct access to an individual who can answer questions about the statement. Although not required, if you report on other Forms 1099 and 5498, or on Forms 3921 and 3922, you are encouraged to furnish telephone numbers.

Rules for furnishing statements. Different rules apply to furnishing statements to recipients depending on the type of payment (or other information) you are reporting and the form you are filing.



If you are reporting a payment that includes noncash property, show the FMV of the property at the time of payment.

Report the type of payment information as described next for (a) *Dividend, interest, and royalty payments*; (b) *Real estate transactions*; and (c) *Other information*.

Dividend, interest, and royalty payments. For payments of dividends under section 6042 (reported on Form 1099-DIV), patronage dividends under section 6044 (reported on Form 1099-PATR), interest (including OID and tax-exempt interest) under section 6049 (reported on Form 1099-INT or 1099-OID), or royalties under section 6050N (reported on Form 1099-MISC or 1099-S), you are required to furnish an official IRS Form 1099 or an acceptable substitute Form 1099 to a recipient either in person, by First-Class Mail to the recipient's last known address, or electronically (see [Electronic recipient statements](#), later). Statements may be sent by intraoffice mail if you use intraoffice mail to send account information and other correspondence to the recipient.

Statement mailing requirements for Forms 1099-DIV, 1099-INT, 1099-OID, and 1099-PATR, and forms reporting royalties only. The following statement mailing requirements apply only to Forms 1099-DIV (except for section 404(k) dividends), 1099-INT (except for interest reportable in the course of your trade or business under section 6041), 1099-OID, 1099-PATR, and timber royalties reported under section 6050N (on Form 1099-MISC or 1099-S). The mailing must contain the official IRS Form 1099 or an acceptable substitute and may also contain the following enclosures: (a) Form W-2, applicable Form W-8, Form W-9, or other Forms W-2G, 1097, 1098, 1099, 3921, 3922, and 5498 statements; (b) a check from the account being reported; (c) a letter explaining why no check is enclosed; (d) a statement of the person's account shown on Forms 1097, 1098, 1099, 3921, 3922, or 5498; and (e) a letter explaining the tax consequences of the information shown on the recipient statement.

A statement of the person's account (year-end account summary) that you are permitted to enclose in a statement mailing may include information similar to the following: (a) the part of a mutual fund distribution that is interest on U.S. Treasury obligations, (b) accrued interest expense on the purchase of a debt obligation, and (c) the cost or other basis of securities and the gain/loss on the sale of securities.

No additional enclosures, such as advertising, promotional material, or a quarterly or annual report, are permitted. Even a sentence or two on the year-end statement describing new services offered by the payer is not permitted. Logos are permitted on the envelope and on any nontax enclosures. See section 1.3.2 of Pub. 1179.

A recipient statement may be perforated to a check or to a statement of the recipient's specific account. The check or account statement to which the recipient statement is perforated must contain, in bold and conspicuous type, the legend “Important Tax Return Document Attached.”

The legend “Important Tax Return Document Enclosed” must appear in a bold and conspicuous manner on the outside of the envelope and on each letter explaining why no check is enclosed, or on each check or account statement that is not perforated to the recipient statement. The legend is not required on any tax form, tax statement, or permitted letter of tax consequences included in a statement mailing. Further, you need not pluralize the

word “document” in the legend simply because more than one recipient statement is enclosed.

TIP *If you provide Forms 1097, 1098, 1099, 3921, 3922, 5498, or W-2G recipient statements in a “separate mailing” that contains only these statements, Forms W-8 and W-9, and a letter explaining the tax consequences of the information shown on a recipient statement included in the envelope, you are not required to include the legend “Important Tax Return Document Enclosed” on the envelope.*

Substitute forms. You may furnish to the recipient Copy B of the official IRS form, or you may use substitute Forms 1099-DIV, 1099-INT, 1099-OID, or 1099-PATR if they contain the same language as the official IRS forms and they comply with the rules in Pub. 1179 relating to substitute Forms 1099. Applicable box titles and numbers must be clearly identified, using the same wording and numbering as the official IRS form. For information on substitute Forms 1099-MISC and 1099-NEC, see [Other information](#), later. For Form 1099-S, see [Real estate transactions](#), later.

TIP *All substitute statements to recipients must contain the tax year, form number, and form name prominently displayed together in one area of the statement. For example, they could be shown in the upper right part of the statement.*

If you are using substitutes, the IRS encourages you to use boxes so that the substitute has the appearance of a form. The substitute form must contain the same applicable instructions as on the front and back of Copy B (in the case of Form 1099-R, Copies B, C, and 2) of the official IRS form. See Pub. 1179 for additional requirements and certain “composite” statements that are permitted.

Real estate transactions. You must furnish a statement to the transferor containing the same information reported to the IRS on Form 1099-S. You may use Copy B of the official IRS Form 1099-S or a substitute form that complies with Pub. 1179 and Regulations section 1.6045-4(m). You may use a Settlement Statement (under the Real Estate Settlement Procedures Act (RESPA)) as the written statement if it is conformed by including on the statement the legend shown on Form 1099-S and by designating which information is reported to the IRS on Form 1099-S. You may furnish the statement to the transferor in person, by mail, or electronically. Furnish the statement at or after closing but by February 15 of the following year.

The statement mailing requirements explained earlier do not apply to statements to transferors for proceeds from real estate transactions reported on Form 1099-S. However, the statement mailing requirements do apply to statements to transferors for timber royalties reportable under section 6050N on Form 1099-S.

Other information. Statements to recipients for Forms 1097-BTC, 1098, 1098-C, 1098-E, 1098-F, 1098-Q, 1098-T, 1099-A, 1099-B, 1099-C, 1099-CAP, 1099-G, 1099-K, 1099-LS, 1099-LTC, 1099-MISC, 1099-NEC, 1099-Q, 1099-QA, 1099-R, 1099-SA, 1099-SB, 3921, 3922, 5498, 5498-ESA, 5498-QA, 5498-SA, W-2G, 1099-DIV (only for section 404(k) dividends reportable

under section 6047), 1099-INT (only for interest reportable in the course of your trade or business under section 6041), or 1099-S (only for royalties) need not be, but can be, a copy of the official paper form filed with the IRS. If you do not use a copy of the paper form, the form number and title of your substitute must be the same as the official IRS form. All information required to be reported must be numbered and titled on your substitute in substantially the same manner as on the official IRS form. However, if you are reporting a payment as “Other income” in box 3 of Form 1099-MISC, you may substitute appropriate explanatory language for the box title. For example, for payments of accrued wages to a beneficiary of a deceased employee required to be reported on Form 1099-MISC, you might change the title of box 3 to “Beneficiary payments” or something similar.

Appropriate instructions to the recipient, similar to those on the official IRS form, must be provided to aid in the proper reporting of the items on the recipient's income tax return. For payments reported on Form 1099-B, rather than furnish appropriate instructions with each Form 1099-B statement, you may furnish to the recipient one set of instructions for all statements required to be furnished to a recipient in a calendar year.

Except for royalties reported on Form 1099-MISC or 1099-S, the statement mailing requirements explained earlier do not apply to statements to recipients for information reported on the forms listed under [Other information](#), earlier. You may combine the statements with other reports or financial or commercial notices, or expand them to include other information of interest to the recipient. Be sure that all copies of the forms are legible. See Pub. 1179 for certain “composite” statements that are permitted.

When to furnish forms or statements. Generally, you must furnish Forms 1098, 1099, 3921, 3922, and W-2G information by January 31, 2025. Forms 1099-B, 1099-S, and 1099-MISC (if you are reporting payments in only box 8 or 10) must be furnished by February 17, 2025. Also, this applies to statements furnished as part of a consolidated reporting statement. See T.D. 9504, 2010-47 I.R.B. 670, available at [IRS.gov/irb/2010-47_IRB#TD-9504](#). However, you may issue them earlier in some situations, as provided by the regulations. For example, you may furnish Form 1099-INT to the recipient redeeming U.S. Savings Bonds at the time of redemption. Brokers and barter exchanges may furnish Form 1099-B anytime but not later than February 17, 2025.

Form 1099-SB must generally be furnished by February 17, 2025. However, if notice of a transfer to a foreign person is not received until after January 31, 2025, the due date is 30 days after the date notice is received. See Regulations section 1.6050Y-3(d)(2). Form 1099-LS must be furnished to reportable policy sale payment recipients by February 17, 2025. See Regulations section 1.6050Y-2(d)(1)(ii). Form 1099-LS must be furnished to issuers by January 15, 2025, at the latest, but must be furnished by the later of 20 calendar days after the reportable policy sale or 5 calendar days after the end of the applicable state law rescission period if the later date

occurs before January 15, 2025. See Regulations section 1.6050Y-2(d)(2)(ii).

Furnish Form 1097-BTC to the recipient for each month in which a tax credit amount is allowable to the recipient on or before the 15th day of the 2nd calendar month after the close of the calendar month in which the credit is allowed. For more information, see the Instructions for Form 1097-BTC.

Donee organizations required to issue Form 1098-C must furnish the acknowledgment to a donor within 30 days of the sale of the vehicle (if it is sold without material improvements or significant intervening use) or within 30 days of the contribution.

Trustees or issuers of IRAs must furnish Form 5498 to participants with a statement of the value of the participant's account, and required minimum distribution (RMD) and information on hard to value assets, if applicable, by January 31, 2025.

Trustees of a SIMPLE IRA must furnish a statement of the account activity by January 31, 2025. Contribution information for all other types of IRAs must be furnished to the participant by June 2, 2025.

Trustees and middlemen of a WHFIT must furnish the required statement by March 17, 2025.

For real estate transactions, you may furnish Form 1099-S to the transferor at closing or by mail on or before February 17, 2025.

Filers of Forms 5498 or 5498-SA who furnish a statement of FMV of the account (and any other required information) to the participant by January 31, 2025, with no reportable contributions, including rollovers, made in 2024, need not furnish another statement by June 2, 2025, to the participant to report zero contributions. If another statement is not furnished to the participant, the statement of the FMV of the account must contain a legend designating which information is being filed with the IRS.

Form 5498-ESA must be furnished to the beneficiary by April 30, 2025.

Form 5498-QA must be furnished to the beneficiary by March 17, 2025.

See the [Guide to Information Returns](#), later, for the date other information returns are due to the recipient.

If the statement is properly addressed and mailed, or, with respect to electronic recipient statements, posted to a website, on or before the due date, it will be deemed timely furnished. If the regular due date falls on a Saturday, Sunday, or legal holiday in the District of Columbia or where the return is to be filed, furnish by the next business day. A business day is any day that is not a Saturday, Sunday, or legal holiday in the District of Columbia or where the return is to be filed. See section 11 of Pub. 15 for a list of legal holidays.

Electronic recipient statements. If you are required to furnish a written statement (Copy B or an acceptable substitute) to a recipient, then you may generally furnish the statement electronically instead of on paper, but only if you meet the requirements discussed later in this section. This includes furnishing the statement to recipients of Forms 1097-BTC, 1098, 1098-E, 1098-F, 1098-Q, 1098-T,

1099-A, 1099-B, 1099-C, 1099-CAP, 1099-DIV, 1099-G, 1099-H, 1099-INT, 1099-K, 1099-LS, 1099-LTC, 1099-MISC, 1099-NEC, 1099-OID, 1099-PATR, 1099-Q, 1099-QA, 1099-R, 1099-S, 1099-SA, 1099-SB, 3921, 3922, 5498, 5498-ESA, 5498-QA, and 5498-SA. It also includes Form W-2G (except for horse and dog racing, jai alai, sweepstakes, wagering pools, and lotteries).



Until further guidance is issued to the contrary, Form 1098-C may not be furnished electronically.

If you meet the requirements that follow, you are treated as furnishing the statement.

Consent. The recipient must consent in the affirmative and not have withdrawn the consent before the statement is furnished. The consent by the recipient must be made electronically in a way that shows that she or he can access the statement in the electronic format in which it will be furnished.

You must notify the recipient of any hardware or software changes prior to furnishing the statement. A new consent to receive the statement electronically is required after the new hardware or software is put into service.

Prior to furnishing the statements electronically, you must provide the recipient a statement with the following statements prominently displayed.

- If the recipient does not consent to receive the statement electronically, a paper copy will be provided.
- The scope and duration of the consent. For example, whether the consent applies to every year the statement is furnished or only for the statement for a particular year, as applicable, immediately following the date of the consent.
- How to obtain a paper copy after giving consent.
- How to withdraw the consent. The consent may be withdrawn at any time by furnishing the withdrawal in writing (electronically or on paper) to the person whose name appears on the statement. Also, confirmation of the withdrawal will be in writing (electronically or on paper).
- Notice of termination. The notice must state under what conditions the statements will no longer be furnished to the recipient.
- Procedures to update the recipient's information.
- A description of the hardware and software required to access, print, and retain a statement, and a date the statement will no longer be available on the website.

Format, posting, and notification. Additionally, you must do the following.

- Ensure the electronic format contains all the required information and complies with the applicable revenue procedure for substitute statements to recipients in Pub. 1179.
- Post, on or before the due date, the applicable statement on a website accessible to the recipient through October 15 of that year.
- Inform the recipient, electronically or by mail, of the posting and how to access and print the statement.

For information regarding the electronic furnishing of Forms W-2, which the IRS generally applies to the forms addressed by these instructions, see Regulations section 31.6051-1.

For additional specific instructions on the electronic furnishing of:

- Forms 1098-E and 1098-T, see Regulations section 1.6050S-2;
- Forms 1099-R, 1099-SA, 1099-Q, 5498, 5498-ESA, and 5498-SA, see Notice 2004-10, 2004-6 I.R.B. 433, available at [IRS.gov/irb/2004-06_IRB#NOT-2004-10](https://www.irs.gov/irb/2004-06_IRB#NOT-2004-10);
- Forms 3921 and 3922, see the form instructions;
- Form 1099-K, see Regulations section 1.6050W-2(a)(2)(i); and
- Forms 1099-QA and 5498-QA, see Regulations section 1.529A-7, available at [IRS.gov/irb/2020-50_IRB#TD-9923](https://www.irs.gov/irb/2020-50_IRB#TD-9923).

Extension of time to furnish statements to recipients.
Do not submit an extension request by mail.

You may request an extension of time to furnish the statements to recipients by faxing a letter to:

Internal Revenue Service Technical Services
Operation
Attn: Extension of Time Coordinator
Fax: 877-477-0572 (International Fax: 304-579-4105)

The letter must include (a) payer name, (b) payer TIN, (c) payer address, (d) type of return (Form 1042-S, Form W-2, specific 1099 family form), (e) a statement that your extension request is for providing statements to recipients, (f) reason for delay, and (g) the signature of the payer or authorized agent.

Your request must be received no later than the date on which the statements are due to the recipients. If your request for an extension is approved, generally you will be granted a maximum of 30 extra days to furnish the recipient statements.

N. Backup Withholding

Interest (including tax-exempt interest and exempt-interest dividends), dividends, rents, royalties, commissions, nonemployee compensation, and certain other payments (including broker and barter exchange transactions, compensation paid to an H-2A visa holder who did not furnish a TIN, reportable gross proceeds paid to attorneys, gambling winnings, payment card and third party network transactions, and certain payments made by fishing boat operators) may be subject to backup withholding at a 24% rate. To be subject to backup withholding, a payment must be a reportable interest (including tax-exempt interest and exempt-interest dividends) or dividend payment under section 6049(a), 6042(a), or 6044 (if the patronage dividend is paid in money or qualified check), or an “other” reportable payment under section 6041, 6041A(a), 6045, 6050A, 6050N, or 6050W. If the payment is one of these reportable payments, backup withholding will apply if:

1. The payee fails to furnish his or her TIN to you;
2. For interest, dividend, and broker and barter exchange accounts opened or instruments acquired after 1983, the payee fails to certify, under penalties of perjury, that the TIN provided is correct;
3. The IRS notifies you to impose backup withholding because the payee furnished an incorrect TIN;
4. For interest and dividend accounts or instruments, you are notified that the payee is subject to backup withholding (under section 3406(a)(1)(C)); or

5. For interest and dividend accounts opened or instruments acquired after 1983, the payee fails to certify to you, under penalties of perjury, that he or she is not subject to backup withholding—see [4. Payee failure to certify that he or she is not subject to backup withholding](#) under *When to apply backup withholding*, later; or

6. The payment is also a withholdable payment under chapter 4 (sections 1471–1474) that is made to a recalcitrant account holder that is a U.S. nonexempt recipient, and you are a PFFI (including a Reporting Model 2 FFI) that elects to withhold under section 3406 to satisfy your withholding obligation under Regulations section 1.1471-4(b)(1). See Regulations section 1.1471-4(b)(3)(iii).



If you do not collect and pay over backup withholding from affected payees as required, you may become liable for any uncollected amount.

Some payees are exempt from backup withholding. For a list of exempt payees and other information, see Form W-9 and the separate Instructions for the Requester of Form W-9.

Examples of payments to which backup withholding does not apply include but are not limited to the following.

- Wages.
- Distributions from a pension, an annuity, a profit-sharing or stock bonus plan, any IRA, an owner-employee plan, or other deferred compensation plan.
- Distributions from a medical or health savings account (HSA) and long-term care benefits.
- Certain surrenders of life insurance contracts.
- Distributions from qualified tuition programs (QTPs) or Coverdell education savings accounts (ESAs).
- Gambling winnings if regular gambling winnings withholding is required under section 3402(q). However, if regular gambling winnings withholding is not required under section 3402(q), backup withholding applies if the payee fails to furnish a TIN.
- Real estate transactions reportable under section 6045(e).
- Canceled debts reportable under section 6050P.
- Fish purchases for cash reportable under section 6050R.
- Reportable payments that are withholdable payments made to a recalcitrant account holder that is a U.S. nonexempt recipient from which you have withheld under chapter 4. See Regulations section 1.1474-6(f).

When to apply backup withholding. Generally, the period for which the 24% should be withheld is as follows.

1. Failure to furnish TIN in the manner required. Withhold on payments made until the TIN is furnished in the manner required. Special backup withholding rules may apply if the payee has applied for a TIN. The payee may certify to this on Form W-9 by noting “Applied For” in the TIN block and by signing the form. This form then becomes an “awaiting-TIN” certificate, and the payee has 60 days to obtain a TIN and furnish it to you. If you do not receive a TIN from the payee within 60 days and you have not already begun backup withholding, begin backup withholding and continue until the TIN is provided.



The 60-day exemption from backup withholding applies only to interest and dividend payments and certain payments made with respect to readily tradable instruments. Therefore, any other payment, such as nonemployee compensation, is subject to backup withholding even if the payee has applied for and is awaiting a TIN. For information about whether backup withholding applies during the 60-day period, see Regulations section 31.3406(g)-3.

2. Notice from the IRS that payee's TIN is incorrect.

You may choose to withhold on any reportable payment made to the account(s) subject to backup withholding after receipt of an incorrect TIN notice from the IRS, but you must withhold on any reportable payment made to the account more than 30 business days after you received the notice. Stop withholding within 30 days after you receive a certified Form W-9 (or other form that requires the payee to certify the payee's TIN).



The IRS will furnish a notice to you that informs you that you have filed an information return reporting on an incorrect name/TIN combination.

You are then required to promptly furnish a "B" notice, or an acceptable substitute, to the payee. For further information, see Regulations section 31.3406(d)-5 and Pub. 1281, Backup Withholding for Missing and Incorrect Name/TIN(s).

If you receive two incorrect TIN notices within 3 years for the same account, follow the procedures in Regulations section 31.3406(d)-5(g) and Pub. 1281.

3. Notice from the IRS that payee is subject to backup withholding due to notified payee underreporting.

You may choose to withhold on any reportable payment made to the account(s) subject to backup withholding after receipt of the notice, but you must withhold on any reportable payment made to the account more than 30 business days after you receive the notice. The IRS will notify you in writing when to stop withholding, or the payee may furnish you a written certification from the IRS stating when the withholding should stop. In most cases, the stop date will be January 1 of the year following the year of the stop notice.



You must notify the payee when withholding under this procedure starts. For further information, see Regulations section 31.3406(c)-1(d).

4. Payee failure to certify that he or she is not subject to backup withholding. Withhold on reportable interest and dividends until the certification has been received.

For exceptions to these general timing rules, see section 3406(e).



For special rules on backup withholding on gambling winnings, see the separate Instructions for Forms W-2G and 5754.

Reporting backup withholding. Report backup withholding on Form 945, Annual Return of Withheld Federal Income Tax. Also, report backup withholding and the amount of the payment on Forms W-2G, 1099-B, 1099-DIV, 1099-G, 1099-INT, 1099-K, 1099-MISC, 1099-NEC, 1099-OID, or 1099-PATR even if the amount of

the payment is less than the amount for which an information return is normally required.



The EIN of the filer of the forms listed above must be the EIN of the filer of Form 945.

Form 945. Report backup withholding, voluntary withholding on certain government payments, and withholding from gambling winnings, pensions, annuities, IRAs, military retirement, and Indian gaming profits on Form 945. Generally, file Form 945 for 2024 by January 31, 2025. For more information, including the deposit requirements for Form 945, see the separate Instructions for Form 945, and Pub. 15.

Do not report on Form 945 any income tax withholding reported on the following forms.

- Form W-2, including withholding on distributions to plan participants from nonqualified plans that must be reported on Form 941, and may be reported on Form 943, Form 944, or Schedule H (Form 1040).
- Form 1042-S withholding must be reported on Form 1042.



Pub. 515 has more information on Form 1042 reporting, partnership withholding on effectively connected income, and dispositions of U.S. real property interests by a foreign person.

Additional information. For more information about backup withholding, see Pub. 1281.

O. Penalties

The following penalties generally apply to the person required to file information returns. The penalties apply to paper filers as well as to electronic filers.



For information on the penalty for failure to e-file, see [Penalty](#), earlier, in part F.

Failure To File Correct Information Returns by the Due Date (Section 6721)

If you fail to file a correct information return by the due date and you cannot show reasonable cause, you may be subject to a penalty. The penalty applies:

- If you fail to file timely,
- If you fail to include all information required to be shown on a return, or
- If you include incorrect information on a return.

The penalty also applies:

- If you file on paper when you were required to e-file,
- If you report an incorrect TIN,
- If you fail to report a TIN, or
- If you fail to file paper forms that are machine readable and applicable revenue procedures provide for a machine-readable paper form.

The amount of the penalty is based on when you file the correct information return. The penalty is as follows.

- \$60 per information return if you correctly file within 30 days (by March 30 if the due date is February 28); maximum penalty \$664,500 per year (\$232,500 for small businesses, defined below).

- \$130 per information return if you correctly file more than 30 days after the due date but by August 1; maximum penalty \$1,993,500 per year (\$664,500 for small businesses).
- \$330 per information return if you file after August 1 or you do not file required information returns; maximum penalty \$3,987,000 per year (\$1,329,000 for small businesses).



If you do not file corrections and you do not meet any of the exceptions to the penalty described later, the penalty is \$330 per information return.

Small businesses—lower maximum penalties. You are a small business if your average annual gross receipts for the 3 most recent tax years (or for the period you were in existence, if shorter) ending before the calendar year in which the information returns were due are \$5 million or less.

Exceptions to the penalty. The following are exceptions to the failure-to-file penalty.

1. The penalty will not apply to any failure that you can show was due to reasonable cause and not to willful neglect. In general, you must be able to show that your failure was due to an event beyond your control or due to significant mitigating factors. You must also be able to show that you acted in a responsible manner and took steps to avoid the failure.
2. An inconsequential error or omission is not considered a failure to include correct information. An inconsequential error or omission does not prevent or hinder the IRS from processing the return, from correlating the information required to be shown on the return with the information shown on the payee's tax return, or from otherwise putting the return to its intended use. Errors and omissions that are never inconsequential are those related to (a) a TIN, (b) a payee's surname, and (c) any money amount except as provided, later, with respect to the safe harbor for de minimis dollar amount errors.
3. De minimis rule for corrections. Even though you cannot show reasonable cause, the penalty for failure to file correct information returns will not apply to a certain number of returns if you:
 - a. Filed those information returns timely,
 - b. Either failed to include all the information required on a return or included incorrect information, and
 - c. Filed corrections by August 1.

If you meet all the conditions in (a), (b), and (c) above, the penalty for filing incorrect returns will not apply to the greater of 10 information returns or $\frac{1}{2}$ of 1% (0.005) of the total number of information returns you are required to file for the calendar year.

4. Safe harbor for de minimis dollar amount errors. See [Safe Harbor for De Minimis Dollar Amount Errors on Information Returns and Payee Statements Under Sections 6721 and 6722](#), later.

Intentional disregard of filing requirements. If any failure to file a correct information return is due to intentional disregard of the filing or correct information

requirements, the penalty is at least \$660 per information return with no maximum penalty.

Failure To Furnish Correct Payee Statements (Section 6722)

If you fail to provide correct payee statements and you cannot show reasonable cause, you may be subject to a penalty. The penalty applies if you fail to provide the statement by the due date (January 31 for most returns; see the [Guide to Information Returns](#), later), you fail to include all information required to be shown on the statement, or you include incorrect information on the statement. "Payee statement" has the same meaning as "statement to recipient" as used in [part M](#).

The amount of the penalty is based on when you furnish the correct payee statement. It is a separate penalty, and is applied in the same manner as the penalty for failure to file correct information returns by the due date (section 6721), described earlier.

Exception. An inconsequential error or omission is not considered a failure to include correct information. An inconsequential error or omission cannot reasonably be expected to prevent or hinder the payee from timely receiving correct information and reporting it on his or her income tax return or from otherwise putting the statement to its intended use. Errors and omissions that are never inconsequential are those relating to (a) a dollar amount, except as provided, later, with respect to the safe harbor for de minimis dollar amount errors; (b) a significant item in a payee's address; (c) the appropriate form for the information provided (that is, whether the form is an acceptable substitute for the official IRS form); and (d) whether the statement was furnished in person or by "statement mailing," when required.

Intentional disregard of payee statement requirements. If any failure to provide a correct payee statement is due to intentional disregard of the requirements to furnish a correct payee statement, the penalty is at least \$660 per payee statement with no maximum penalty.



No penalty will be imposed on an educational institution that fails to provide the TIN of a student on Form 1098-T if the institution certifies under penalty of perjury that it complied with the rules for obtaining the student's TIN. See the current Instructions for Forms 1098-E and 1098-T for additional information.

Safe Harbor for De Minimis Dollar Amount Errors on Information Returns and Payee Statements Under Sections 6721 and 6722

If one or more dollar amounts are incorrect on an information return filed with the IRS or on a payee statement furnished to a recipient, no correction of the dollar amount shall be required, and the return shall be treated as having been filed or the payee statement furnished as correct if:

- The difference between the dollar amount reported on the filed return or furnished payee statement and the correct amount is no more than \$100, and
- The difference between the dollar amount reported for tax withheld on the filed return or furnished payee statement and the correct amount is no more than \$25.

This safe harbor provision shall not apply if a recipient to whom a statement is required to be furnished elects to receive a corrected statement. In that case, a corrected return must be filed with the IRS and a corrected payee statement furnished to the recipient.

For more information on safe harbor for de minimis dollar amount errors on information returns and payee statements, see sections 6721(c)(3) and 6722(c)(3), as modified by [T.D. 9984](#).

Forms 1099-B (QOF Reporting Only), 1099-Q, 1099-QA, 1099-SA, 5498, 5498-ESA, 5498-QA, and 5498-SA (Section 6693)

The penalties under sections 6721 and 6722 do not apply to:

Forms	Filed Under Code Section
Forms 1099-B (QOF reporting only)	1400Z-2
1099-SA and 5498-SA	220(h) and 223(h)
5498	408(i) and 408(l)
1099-Q	529(d) and 530(h)
1099-QA and 5498-QA	529A
5498-ESA	530(h)

The penalty for failure to timely file Forms 1099-SA, 5498-SA, 5498, 1099-Q, 1099-QA, 5498-QA, or 5498-ESA is \$50 per return with no maximum, unless the failure is due to reasonable cause. See section 6693.

Fraudulent Acknowledgments With Respect to Donations of Motor Vehicles, Boats, and Airplanes (Section 6720)

If you are required under section 170(f)(12)(A) to furnish a contemporaneous written acknowledgment to a donor and you knowingly furnish a false or fraudulent Form 1098-C, or knowingly fail to furnish a Form 1098-C within the applicable 30-day period, you may be subject to a penalty. See the current Instructions for Form 1098-C for more detailed information.

Civil Damages for Fraudulent Filing of Information Returns (Section 7434)

If you willfully file a fraudulent information return for payments you claim you made to another person, that person may be able to sue you for damages. You may have to pay \$5,000 or more.

P. Payments to Corporations and Partnerships

Generally, payments to corporations are not reportable. See, for example, Regulations section 1.6049-4(c)(1)(ii). However, you must report payments to corporations for the following.

- Medical and health care payments (Form 1099-MISC).
- Withheld federal income tax or foreign tax.
- Barter exchange transactions (Form 1099-B).
- Broker and barter transactions for an S corporation (Form 1099-B).

- Substitute payments in lieu of dividends and tax-exempt interest (Form 1099-MISC).
- Acquisitions or abandonments of secured property (Form 1099-A).
- Cancellation of debt (Form 1099-C).
- Payments of attorneys' fees and gross proceeds paid to attorneys (Form 1099-NEC, Form 1099-MISC).
- Fish purchases for cash (Form 1099-MISC).
- Credits and interest for qualified tax credit bonds reported on Forms 1097-BTC and 1099-INT.
- Payment card and third party network transactions (Form 1099-K).
- Federal executive agency payments for services (Form 1099-MISC). For additional reporting requirements, see Rev. Rul. 2003-66 on page 1115 of Internal Revenue Bulletin 2003-26 at [IRS.gov/pub/irs-irbs/irb03-26.pdf](#).
- Payments made in a reportable policy sale (Form 1099-LS). In addition, the following information returns are furnished to corporations, although the information returns do not report payments: Form 1099-SB, Seller's Investment in Life Insurance Contract; and Form 1098-F, Fines, Penalties, and Other Amounts.

Reporting is generally required for all payments to partnerships. For example, payments of \$600 or more made in the course of your trade or business to an architectural firm that is a partnership are reportable on Form 1099-MISC.

Q. Earnings on Any IRA, Coverdell ESA, ABL Account, Archer MSA, or HSA

Generally, income earned in any IRA, Coverdell ESA, ABL account, Archer MSA, or HSA, such as interest or dividends, is not reported on Forms 1099. However, distributions from such arrangements or accounts must be reported on Form 1099-R, 1099-Q, 1099-QA, or 1099-SA.

R. Certain Grantor Trusts

Certain grantor trusts (other than WHFITs) may choose to file Forms 1099 rather than a separate statement attached to Form 1041, U.S. Income Tax Return for Estates and Trusts. If you have filed Form 1041 for a grantor trust in the past and you want to choose the Form 1099 filing method for 2024, you must have filed a final Form 1041 for 2023. To change reporting method, see Regulations section 1.671-4(g) and the Instructions for Form 1041 and Schedules A, B, G, J, and K-1.

For more information on WHFITs, see [Widely held fixed investment trusts \(WHFITs\)](#), earlier.

S. Special Rules for Reporting Payments Made Through Foreign Intermediaries and Foreign Flow-Through Entities on Form 1099

If you are the payer and have received a Form W-8IMY from a foreign intermediary or flow-through entity, follow the instructions for completing Form 1099, later.

Definitions

Foreign intermediary (FI). An FI is any person who is not a U.S. person and acts as a custodian, broker, nominee, or otherwise as an agent for another person, regardless of whether that other person is the beneficial owner of the amount paid, a flow-through entity, or another intermediary. The intermediary can be a qualified intermediary or a nonqualified intermediary.

Qualified intermediary (QI). A QI is a person that is a party to a withholding agreement with the IRS (described in Regulations section 1.1441-1(e)(5)(iii)) and is:

- An FFI (other than a U.S. branch of an FFI) that is a participating FFI (including a Reporting Model 2 FFI), an RDC FFI (including an FFI treated as a deemed-compliant FFI under an applicable IGA subject to due diligence and reporting requirements similar to those applicable to an RDC FFI under Regulations section 1.1471-5(f)(1), including the requirement to register with the IRS), or any other category of FFI identified in the QI agreement;
- A foreign person that has a home office or has a branch that is an eligible entity (as described in Regulations section 1.1441-1(e)(6)(ii), without regard to the requirement that the person be a QI);
- A foreign branch or office of a U.S. financial institution or a foreign branch or office of a U.S. clearing organization; or
- A foreign entity not described above that the IRS accepts as a QI.

For details on QI agreements, see Rev. Proc. 2017-15, 2017-03 I.R.B. 437, available at [IRS.gov/irb/2017-03_IRB#RP-2017-15](https://www.irs.gov/irb/2017-03_IRB#RP-2017-15).

Nonqualified intermediary (NQI). An NQI is any intermediary that is not a U.S. person and that is not a QI.

Foreign flow-through entity (FTE). An FTE is a foreign partnership (other than a withholding foreign partnership), a foreign simple trust or foreign grantor trust (other than a withholding foreign trust), or, for payments for which a reduced rate of withholding is claimed under an income tax treaty, any entity to the extent the entity is considered to be fiscally transparent under section 894 with respect to the payment by an interest holder's jurisdiction.

Withholding foreign partnership or withholding foreign trust. A withholding foreign partnership or withholding foreign trust is a foreign partnership or a foreign simple or grantor trust that has entered into a withholding agreement with the IRS in which it agrees to assume primary withholding responsibility for all payments that are made to it for its partners, beneficiaries, or owners. See Rev. Proc. 2017-21, 2017-6 I.R.B. 791, available at [IRS.gov/irb/2017-06_IRB#RP-2017-21](https://www.irs.gov/irb/2017-06_IRB#RP-2017-21), for procedures for entering into a withholding foreign partnership or trust agreement.

Nonwithholding foreign partnership, simple trust, or grantor trust. A nonwithholding foreign partnership is any foreign partnership other than a withholding foreign partnership. A nonwithholding foreign simple trust is any foreign simple trust that is not a withholding foreign trust. A nonwithholding foreign grantor trust is any foreign grantor trust that is not a withholding foreign trust.

Fiscally transparent entity. An entity is treated as fiscally transparent with respect to an item of income to the extent that the interest holders in the entity must, on a

current basis, take into account separately their shares of an item of income paid to the entity, whether or not distributed, and must determine the character of the items of income as if they were realized directly from the sources from which they were realized by the entity. For example, partnerships, common trust funds, and simple trusts or grantor trusts are generally considered to be fiscally transparent with respect to items of income received by them.

Presumption Rules

TIP For additional information including details on the presumption rules, see the Instructions for the Requester of Forms W-8BEN, W-8BEN-E, W-8ECI, W-8EXP, and W-8IMY; and Pub. 515. To order, see [How To Get Forms, Publications, and Other Assistance](#) under part T.

If you are the payer and do not have a Form W-9, appropriate Form W-8, or other valid documentation, or you cannot allocate a payment to a specific payee, prior to payment, you are required to use certain presumption rules to determine the following.

- The status of the payee as a U.S. or foreign person.
- The classification of the payee as an individual, trust, estate, corporation, or partnership.

See Regulations sections 1.1441-1(b)(3), 1.1441-5(d) and (e), 1.6045-1(g)(3)(ii), and 1.6049-5(d).

Under these presumption rules, if you must presume that the payee is a U.S. nonexempt recipient subject to backup withholding, you must report the payment on a Form 1099. However, if before filing Form 1099 with the IRS the recipient is documented as foreign, then report the payment on a Form 1042-S.

Conversely, if you must presume that the payee is a foreign recipient and prior to filing Form 1042-S with the IRS you discover that the payee is a U.S. nonexempt recipient based on documentation, then report all payments made to that payee during the calendar year on a Form 1099.

If you use the 90-day grace period rule to presume a payee is foreign, you must file a Form 1042-S to report all payments subject to withholding during the grace period. If, after the grace period expires, you discover that the payee is a U.S. nonexempt recipient subject to backup withholding, you must file a Form 1099 for all payments made to that payee after the expiration of the grace period.

Rules for Payments Made to U.S. Nonexempt Recipients Through a QI, NQI, or FTE

If you are the payer making a payment through a QI, NQI, or FTE for a U.S. nonexempt recipient on whose behalf the QI, NQI, or FTE is acting, use the following rules to complete Form 1099.

Known recipient. If you know that a payee is a U.S. nonexempt recipient and have the payee's name, address, and TIN (if a TIN has been provided), you must complete the Form 1099 with that information unless you are not required to report the payment under Regulations section 1.6049-4(c)(4) (applicable only to certain payments to

specified FFIs). Also, on the second name line below the recipient's name, enter "IMY" followed by the name of the QI, NQI, or FTE.

For payments made to multiple recipients (a) enter the name of the recipient whose status you relied on to determine the applicable rate of withholding; and (b) on the second name line, enter "IMY" followed by the name of the QI, NQI, or FTE. However, if the QI has assumed primary Form 1099 reporting or backup withholding responsibility, you are not required to issue the Form 1099 or to backup withhold. See [Qualified intermediary \(QI\)](#), earlier.

Unknown recipient. If you cannot reliably associate a payment with valid documentation and are required to presume a payee is a U.S. nonexempt recipient, do the following.

1. File a Form 1099 and enter "unknown recipient" on the first name line.
2. On the second name line, enter "IMY" followed by the name of the NQI or FTE.
3. Enter the EIN of the NQI or FTE, if applicable, in the recipient's TIN box.
4. Furnish a copy of the Form 1099 with "unknown recipient" to the NQI or FTE who is acting on the recipient's behalf.



A payer that is required to report payments made to a U.S. nonexempt recipient account holder but does not receive the necessary allocation information cannot report those payments on a pro rata basis. Report unallocated payments using the presumption rules described above.

Rules for Non-U.S. Payers

Non-U.S. payers (foreign persons that are not U.S. payers) generally have the same reporting obligations as U.S. payers. A U.S. payer is anyone who is:

- A U.S. person;
- Any U.S. governmental agency;
- A controlled foreign corporation (CFC);
- A foreign partnership that has one or more U.S. partners who, in the aggregate, hold more than 50% of the gross income derived from the conduct of a U.S. trade or business;
- A foreign person who owns 50% or more of the gross income that is effectively connected with a U.S. trade or business; or
- A U.S. branch or territory financial institution described in Regulations section 1.1441-1(b)(2)(iv) that is treated as a U.S. person.

For more information, see Regulations section 1.6049-5(c)(5).

Exceptions. The following payments are not subject to reporting by a non-U.S. payer.

1. A foreign source payment paid and received outside the United States. For example, see Regulations section 1.6049-4(f)(16).
2. Gross proceeds from a sale effected outside the United States. See Regulations section 1.6045-1(a).

3. An NQI or QI that provides another payer all the information sufficient for that payer to complete Form 1099 reporting. For example, see Regulations section 1.6049-5(b)(14). However, if an NQI or QI does not provide sufficient information for another payer to report a payment on Form 1099, the intermediary must report the payment.

4. A payment made by certain FFIs for which an exception to reporting applies under Regulations section 1.6049-4(c)(4).

Rules for Reporting Payments Initially Reported on Form 1042-S

If an NQI or QI receives a Form 1042-S made out to an "unknown recipient" and the NQI or QI has actual knowledge that the payee of the income is a U.S. nonexempt recipient, it must file a Form 1099 even if the payment has been subject to withholding by another payer. The NQI or QI reports the amount withheld by the other payer on Form 1099 as federal income tax withheld.

T. How To Get Tax Help

Information Reporting Program Customer Service Section

For answers to your questions about reporting on Forms 1096, 1097, 1098, 1099, 3921, 3922, 5498, W-2, W-2G, and W-3, call the Technical Services Operation (TSO) toll free at 866-455-7438 or 304-263-8700 (not toll free). Deaf or hard of hearing customers may call any of our toll-free numbers using their choice of relay service.

Other tax-related matters. For other tax information related to business returns or accounts, call 800-829-4933.

Deaf or hard of hearing customers may call any of our toll-free numbers using their choice of relay service.

Internal Revenue Bulletin (IRB)

The IRB, published weekly, contains newly issued regulations, notices, announcements, legislation, court decisions, and other items of general interest. You may find this publication useful to keep you up to date with current developments. See [How To Get Forms, Publications, and Other Assistance](#), later.

The Taxpayer Advocate Service (TAS) Is Here To Help You

What Is TAS?

TAS is an **independent** organization within the IRS that helps taxpayers and protects taxpayer rights. Their job is to ensure that every taxpayer is treated fairly and that you know and understand your rights under the [Taxpayer Bill of Rights](#).

How Can You Learn About Your Taxpayer Rights?

The Taxpayer Bill of Rights describes 10 basic rights that all taxpayers have when dealing with the IRS. Go to [TaxpayerAdvocate.IRS.gov](#) to help you understand what

these rights mean to you and how they apply. These are **your** rights. Know them. Use them.

What Can TAS Do for You?

TAS can help you resolve problems that you can't resolve with the IRS. And their service is free. If you qualify for their assistance, you will be assigned to one advocate who will work with you throughout the process and will do everything possible to resolve your issue. TAS can help you if:

- Your problem is causing financial difficulties for you, your family, or your business;
- You face (or your business is facing) an immediate threat of adverse action; or
- You've tried repeatedly to contact the IRS but no one has responded, or the IRS hasn't responded by the date promised.

How Can You Reach TAS?

TAS has offices [in every state, the District of Columbia, and Puerto Rico](#). Your local advocate's number is in your local directory and at [TaxpayerAdvocate.IRS.gov/Contact-Us](#). You can also call them at 877-777-4778.

How Else Does TAS Help Taxpayers?

TAS works to resolve large-scale problems that affect many taxpayers. If you know of one of these broad issues, report it to them at [IRS.gov/SAMS](#). Be sure to not include any personal taxpayer information.

TAS for Tax Professionals

TAS can provide a variety of information for tax professionals, including tax law updates and guidance, TAS programs, and ways to let TAS know about systemic problems you've seen in your practice.

How To Get Forms, Publications, and Other Assistance

Getting tax forms, instructions, and publications. Go to [IRS.gov/Forms](#) to download current and prior-year forms, instructions, and publications.

Go to [IRS.gov/OrderForms](#) to order current forms, instructions, and publications; call 800-829-3676 to order prior-year forms and instructions. The IRS will process your order for forms and publications as soon as possible. **Don't** resubmit requests you've already sent us. You can get some forms and publications faster online.



Because the IRS processes paper forms by machine (optical character recognition equipment), you cannot file Form 1096 or Copy A of Forms 1097, 1098, 1099, 3921, 3922, or 5498 that you print from the IRS website. However, you can use Copy B from those sources to provide recipient statements.

Exception. Forms 1097-BTC, 1098-C, 1098-MA, 1099-CAP, 1099-H, 1099-LTC, 1099-Q, 1099-QA, 1099-SA, 3922, 5498-ESA, 5498-QA, and 5498-SA can

be filled out online and Copy A can be printed and filed with the IRS using Form 1096.



Mail. You can send your order for forms, instructions, and publications to the address below. You should receive a response within 10 business days after your request is received.

Internal Revenue Service
1201 N. Mitsubishi Motorway
Bloomington, IL 61705-6613



Online. Go to [IRS.gov](#) 24 hours a day, 7 days a week to do the following.

- Access commercial tax preparation and e-file services.
- Research your tax questions online.
- Search publications online by topic or keyword.
- Use the online Internal Revenue Code, regulations, or other official guidance.
- View IRBs published in the last few years.
- Sign up to receive local and national tax news by email.

Comments and Suggestions

We welcome your comments about this publication and your suggestions for future editions.

You can send your comments through [IRS.gov/FormComments](#).

Or you can write to the Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224.

Although we can't respond individually to each comment received, we do appreciate your feedback and will consider your comments and suggestions as we revise our tax forms, instructions, and publications. **Don't** send tax questions, tax returns, or payments to the above address.

Privacy Act and Paperwork Reduction Act Notice

We ask for the information on these forms to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to figure and collect the right amount of tax.

Sections 170(f)(12), 199, 220(h), 223, 408, 408A, 529, 529A, 530, 853A, 6039, 6041, 6041A, 6042, 6043, 6044, 6045, 6047, 6049, 6050A, 6050B, 6050D, 6050E, 6050H, 6050J, 6050N, 6050P, 6050Q, 6050R, 6050S, 6050T, 6050U, 6050W, 6050X, 6050Y, and their regulations require you to file an information return with the IRS and furnish a statement to recipients. Section 6109 and its regulations require you to provide your TIN on what you file.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and territories for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state

agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. If you fail to provide this information in a timely manner, or provide false or fraudulent information, you may be subject to penalties.

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 section 6103. The time needed to complete and file the following forms will vary depending on individual circumstances. The estimated average times are:

1096	14 minutes
1097-BTC*	19 minutes
1098	15 minutes
1098-C*	18 minutes
1098-E	7 minutes
1098-F	7 minutes
1098-MA	14 minutes
1098-Q	8 minutes
1098-T	13 minutes
1099-A	9 minutes
1099-B	30 minutes
1099-C	13 minutes
1099-CAP*	11 minutes
1099-DIV	28 minutes
1099-G	18 minutes
1099-H	18 minutes
1099-INT	13 minutes
1099-K	28 minutes
1099-LS	7 minutes
1099-LTC	13 minutes
1099-MISC	18 minutes
1099-NEC	14 minutes
1099-OID	23 minutes
1099-PATR	15 minutes
1099-Q	13 minutes
1099-QA	10 minutes
1099-R	25 minutes
1099-S	8 minutes
1099-SA	11 minutes
1099-SB	7 minutes
3921*	11 minutes
3922*	12 minutes
5498	24 minutes
5498-ESA	7 minutes
5498-QA	11 minutes
5498-SA	10 minutes
W-2G	24 minutes

* Privacy Act does not pertain to this form.

Burden estimates are based upon current statutory requirements as of October 2023. Estimates of burden do not reflect any future legislative changes that may affect the 2024 tax year. Any changes to burden estimates will be included in the IRS's annual Paperwork Reduction Act submission to the Office of Management and Budget (OMB) and will be made publicly available on [RegInfo.gov](https://www.reginfo.gov). If you have comments concerning the accuracy of these time estimates, we would be happy to hear from you. You can send your comments from [IRS.gov/FormComments](https://www.irs.gov/FormComments). Or you can write to the Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send these forms to this address. Instead, see [part D](#).

Guide to Information Returns

If any date shown falls on a Saturday, Sunday, or legal holiday in the District of Columbia or where the return is to be filed, the due date is the next business day. Leap years do not impact the due date. See Announcement 91-179, 1991-49 I.R.B. 78, for more information.

Form	Title	What To Report	Amounts To Report	Due Date	
				To IRS	To Recipient (unless indicated otherwise)
1042-S	Foreign Person's U.S. Source Income Subject to Withholding	Income such as interest, dividends, royalties, pensions and annuities, etc., and amounts withheld under chapter 3. Also, distributions of effectively connected income by publicly traded partnerships or nominees.	See form instructions	March 15	March 15
1097-BTC	Bond Tax Credit	Tax credit bond credits to bondholders.	All amounts	February 28*	On or before the 15th day of the 2nd calendar month after the close of the calendar month in which the credit is allowed
1098	Mortgage Interest Statement	Mortgage interest (including points) and certain mortgage insurance premiums you received in the course of your trade or business from individuals and reimbursements of overpaid interest.	\$600 or more	February 28*	(To Payer/Borrower) January 31
1098-C	Contributions of Motor Vehicles, Boats, and Airplanes	Information regarding a donated motor vehicle, boat, or airplane.	Gross proceeds of more than \$500	February 28*	(To Donor) 30 days from date of sale or contribution
1098-E	Student Loan Interest Statement	Student loan interest received in the course of your trade or business.	\$600 or more	February 28*	January 31
1098-F	Fines, Penalties, and Other Amounts	Statement furnished by a government or governmental entity regarding payments required by a court order or agreement with respect to a violation or potential violation of law.	\$50,000 or more	N/A	N/A
1098-MA	Mortgage Assistance Payments	Assistance payments paid to homeowners from funds allocated from the Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets (HFA Hardest Hit Fund) or the Emergency Homeowners' Loan Program.	All amounts	February 28	January 31
1098-Q	Qualifying Longevity Annuity Contract Information	Status of a contract that is intended to be a qualifying longevity annuity contract (QLAC), defined in section A-17 of Regulations section 1.401(a)(9)-6, that is purchased or held under any plan, annuity, or account described in section 401(a), 403(a), 403(b), or 408 (other than a Roth IRA) or eligible governmental plan under section 457(b).	All amounts	February 28	January 31
1098-T	Tuition Statement	Qualified tuition and related expenses, reimbursements or refunds, and scholarships or grants (optional).	See instructions	February 28*	January 31
1099-A	Acquisition or Abandonment of Secured Property	Information about the acquisition or abandonment of property that is security for a debt for which you are the lender.	All amounts	February 28*	(To Borrower) January 31
1099-B	Proceeds From Broker and Barter Exchange Transactions	Sales or redemptions of securities, futures transactions, commodities, and barter exchange transactions (including payments reported pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A) or reported as described in Regulations section 1.1471-4(d)(2)(iii)(A)).	All amounts	February 28*	February 15**
1099-C	Cancellation of Debt	Cancellation of a debt owed to a financial institution, the federal government, a credit union, RTC, FDIC, NCUA, a military department, the U.S. Postal Service, the Postal Rate Commission, or any organization having a significant trade or business of lending money.	\$600 or more	February 28*	January 31
1099-CAP	Changes in Corporate Control and Capital Structure	Information about cash, stock, or other property from an acquisition of control or the substantial change in capital structure of a corporation.	Over \$1,000	February 28*	(To Shareholders) January 31, (To Clearing Organization) January 5
1099-DIV	Dividends and Distributions	Distributions, such as dividends, capital gain distributions, or nontaxable distributions, that were paid on stock and liquidation distributions (including distributions reported pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A) or reported as described in Regulations section 1.1471-4(d)(2)(iii)(A)).	\$10 or more, except \$600 or more for liquidations	February 28*	January 31**
1099-G	Certain Government Payments	Unemployment compensation, state and local income tax refunds, agricultural payments, and taxable grants.	\$10 or more for refunds and unemployment	February 28*	January 31

* The due date is March 31 if filed electronically.

** The due date is March 15 for reporting by trustees and middlemen of WHFITs.

Guide to Information Returns (continued)

Form	Title	What To Report	Amounts To Report	Due Date		
				To IRS	To Recipient (unless indicated otherwise)	
1099-H	Health Coverage Tax Credit (HCTC) Advance Payments	Health insurance premiums paid on behalf of certain individuals.	All amounts	February 28*	January 31	
1099-INT	Interest Income	Interest income (including payments reported pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A) or reported as described in Regulations section 1.1471-4(d)(2)(iii)(A)); market discount subject to an election under section 1278(b). Tax-exempt interest and U.S. Savings Bonds and Treasury obligations interest are also reported on this form.	\$10 or more (\$600 or more in some cases)	February 28*	January 31**	
1099-K	Payment Card and Third Party Network Transactions	Payment card transactions.	All amounts	February 28*	January 31	
		Third party network transactions.	more than \$600			
1099-LS	Reportable Life Insurance Sale	Payments made to a payment recipient in a reportable policy sale.	All amounts***	February 28*	(To Reportable Policy Sale Payment Recipient) February 15, (To issuer) January 15 or earlier as required by Regulations section 1.6050Y-2(d)(2)(i)(A)	
1099-LTC	Long-Term Care and Accelerated Death Benefits	Payments under a long-term care insurance contract and accelerated death benefits paid under a life insurance contract or by a viatical settlement provider.	All amounts	February 28*	January 31	
1099-MISC	Miscellaneous Information	Rent or royalty payments; prizes and awards that are not for services, such as winnings on TV or radio shows (including payments reported pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A) or reported as described in Regulations section 1.1471-4(d)(2)(iii)(A)).	\$600 or more, except \$10 or more for royalties	February 28*	January 31**	
		Payments to crew members by owners or operators of fishing boats including payments of proceeds from sale of catch.	All amounts			
		Section 409A income from nonqualified deferred compensation plans (NQDCs).	All amounts			
		Payments to a physician, physicians' corporation, or other supplier of health and medical services. Issued mainly by medical assistance programs or health and accident insurance plans.	\$600 or more			
		Fish purchases paid in cash for resale.	\$600 or more			
		Crop insurance proceeds.	\$600 or more			
		Substitute dividends and tax-exempt interest payments reportable by brokers.	\$10 or more			February 15**
		Gross proceeds paid to attorneys.	\$600 or more			February 15**
		A U.S. account for chapter 4 purposes to which you made no payments during the year that are reportable on any applicable Form 1099 (or a U.S. account to which you made payments during the year that do not reach the applicable reporting threshold for any applicable Form 1099) reported pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A).	All amounts (including \$0)		January 31**	
Aggregated direct sales of consumer goods for resale.	\$5,000 or more					
1099-NEC	Nonemployee Compensation	Payments for services performed for a trade or business by people not treated as its employees (including payments reported pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A) or reported as described in Regulations section 1.1471-4(d)(2)(iii)(A)). Examples: fees to subcontractors or directors and golden parachute payments.	\$600 or more	January 31	January 31	
		Aggregated direct sales of consumer goods for resale.	\$5,000 or more			
1099-OID	Original Issue Discount	Original issue discount (including amounts reported pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A) or reported as described in Regulations section 1.1471-4(d)(2)(iii)(A)); market discount subject to an election under section 1278(b). OID on U.S. Treasury obligations and tax-exempt OID are also reported on this form. Stated interest (other than stated interest that is OID) may be reported on this form.	\$10 or more	February 28*	January 31**	

* The due date is March 31 if filed electronically.

** The due date is March 15 for reporting by trustees and middlemen of WHFITs.

*** See Regulations sections 1.6050Y-1(a)(16)(ii) and 1.6050Y-2(f)(2) for exceptions for amounts paid to persons other than sellers. Also, no amounts are required to be reported on statements furnished to issuers. See Regulations section 1.6050Y-2(d)(2)(i)(A).

Guide to Information Returns (*continued*)

Form	Title	What To Report	Amounts To Report	Due Date	
				To IRS	To Recipient (unless indicated otherwise)
1099-PATR	Taxable Distributions Received From Cooperatives	Distributions from cooperatives passed through to their patrons including any domestic production activities deduction and certain pass-through credits.	\$10 or more	February 28*	January 31
1099-Q	Payments From Qualified Education Programs (Under Sections 529 and 530)	Earnings from qualified tuition programs and Coverdell ESAs.	All amounts	February 28*	January 31
1099-QA	Distributions From ABLE Accounts	Distributions from ABLE accounts.	All amounts	February 28	January 31
1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	Distributions from retirement or profit-sharing plans, any IRA, insurance contracts, and IRA recharacterizations (including payments reported pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(B) or reported as described in Regulations section 1.1471-4(d)(2)(iii)(A)).	\$10 or more	February 28*	January 31
1099-S	Proceeds From Real Estate Transactions	Gross proceeds from the sale or exchange of real estate and certain royalty payments.	Generally, \$600 or more	February 28*	February 15
1099-SA	Distributions From an HSA, Archer MSA, or Medicare Advantage MSA	Distributions from an HSA, Archer MSA, or Medicare Advantage MSA.	All amounts	February 28*	January 31
1099-SB	Seller's Investment in Life Insurance Contract	Seller's investment in a life insurance contract as determined by the issuer.	All amounts	February 28* (except as provided in Regulations section 1.6050Y-3(c))	February 15 (except as provided in Regulations section 1.6050Y-3(d)(2))
3921	Exercise of an Incentive Stock Option Under Section 422(b)	Transfer of stock pursuant to the exercise of an incentive stock option under section 422(b).	All amounts	February 28*	January 31
3922	Transfer of Stock Acquired Through an Employee Stock Purchase Plan Under Section 423(c)	Transfer of stock acquired through an employee stock purchase plan under section 423(c).	All amounts	February 28*	January 31
5498	IRA Contribution Information	Contributions (including rollover contributions) to any individual retirement arrangement (IRA), including a SEP, SIMPLE, and Roth IRA; Roth conversions; IRA recharacterizations; and the fair market value (FMV) of the account (including information on hard-to-value assets).	All amounts	May 31	(To Participant) For FMV/RMD/SIMPLE IRA contributions, January 31; For all other contributions, May 31
5498-ESA	Coverdell ESA Contribution Information	Contributions (including rollover contributions) to a Coverdell ESA.	All amounts	May 31	April 30
5498-QA	ABLE Account Contributions Information	Contributions (including rollover contributions) to an ABLE account.	All amounts	May 31	March 15
5498-SA	HSA, Archer MSA, or Medicare Advantage MSA Information	Contributions to an HSA (including transfers and rollovers) or Archer MSA and the FMV of an HSA, Archer MSA, or Medicare Advantage MSA.	All amounts	May 31	(To Participant) May 31
W-2G	Certain Gambling Winnings	Gambling winnings from horse racing, dog racing, jai alai, lotteries, keno, bingo, slot machines, sweepstakes, wagering pools, poker tournaments, etc.	Generally, \$600 or more; \$1,200 or more from bingo or slot machines; \$1,500 or more from keno	February 28*	January 31

* The due date is March 31 if filed electronically.

Types of Payments

Below is an alphabetic list of some payments and the forms to file and report them on. However, it is not a complete list of all payments, and the absence of a payment from the list does not indicate that the payment is not reportable. For instructions on a specific type of payment, see the separate instructions in the form(s) listed.

Type of Payment	Report on Form	Type of Payment	Report on Form
ABLE accounts:		Foreign persons' income	1042-S
—Contributions	5498-QA	401(k) contributions	W-2
—Distributions	1099-QA	404(k) dividend	1099-DIV
Abandonment	1099-A	Gambling winnings	W-2G
Accelerated death benefits	1099-LTC	Golden parachute—employee	W-2
Acquisition of control	1099-CAP	Golden parachute—nonemployee	1099-NEC
Agriculture payments	1099-G	Grants—taxable	1099-G
Allocated tips	W-2	Health care services	1099-MISC
Alternate TAA payments	1099-G	Health coverage tax credit (HCTC) advance payments	1099-H
Annuities	1099-R	Health savings accounts:	
Archer MSAs:		—Contributions	5498-SA
—Contributions	5498-SA	—Distributions	1099-SA
—Distributions	1099-SA	Income attributable to domestic production activities, deduction for	1099-PATR
Attorney, fees and gross proceeds	1099-MISC	Income tax refunds—state and local	1099-G
Auto reimbursements—employee	W-2	Indian gaming profits paid to tribal members	1099-MISC
Auto reimbursements—nonemployee	1099-NEC	Interest income	1099-INT
Awards—employee	W-2	Tax-exempt	1099-INT
Awards—nonemployee	1099-NEC	Interest, mortgage	1098
Barter exchange income	1099-B	IRA contributions	5498
Bond tax credit	1097-BTC	IRA distributions	1099-R
Bonuses—employee	W-2	Life insurance contract distributions	1099-R, 1099-LTC
Bonuses—nonemployee	1099-NEC	Liquidation—distributions	1099-DIV
Broker transactions	1099-B	Loans, distribution from pension plan	1099-R
Cancellation of debt	1099-C	Long-term care benefits	1099-LTC
Capital gain distributions	1099-DIV	Medicare Advantage MSAs:	
Car expense—employee	W-2	—Contributions	5498-SA
Car expense—nonemployee	1099-NEC	—Distributions	1099-SA
Changes in capital structure	1099-CAP	Medical services	1099-MISC
Charitable gift annuities	1099-R	Mileage—employee	W-2
Commissions—employee	W-2	Mileage—nonemployee	1099-NEC
Commissions—nonemployee	1099-NEC	Military retirement	1099-R
Commodities transactions	1099-B	Mortgage assistance payments	1098-MA
Compensation—employee	W-2	Mortgage interest	1098
Compensation—nonemployee	1099-NEC	Moving expense	W-2
Contributions of motor vehicles, boats, and airplanes	1098-C	Nonemployee compensation	1099-NEC
Cost of current life insurance protection	1099-R	Nonqualified deferred compensation:	
Coverdell ESA contributions	5498-ESA	—Beneficiary	1099-R
Coverdell ESA distributions	1099-Q	—Employee	W-2
Crop insurance proceeds	1099-MISC	Nonemployee	1099-NEC
Damages	1099-MISC	Original issue discount (OID)	1099-OID
Death benefits	1099-R	Tax-exempt OID	1099-OID
Debt cancellation	1099-C	Patronage dividends	1099-PATR
Dependent care payments	W-2	Payment card transactions	1099-K
Direct rollovers	1099-Q, 1099-R, 5498	Pensions	1099-R
Direct sales of consumer products for resale	1099-MISC, 1099-NEC	Points	1098
Directors' fees	1099-MISC	Prizes—employee	W-2
Discharge of indebtedness	1099-C	Prizes—nonemployee	1099-NEC
Dividends	1099-DIV	Profit-sharing plan	1099-R
Donation of motor vehicle	1098-C	Punitive damages	1099-MISC
Education loan interest	1098-E	Qualified longevity annuity contract	1098-Q
Employee business expense reimbursement	W-2	Qualified plan distributions	1099-R
Employee compensation	W-2	Qualified tuition program payments	1099-Q
Excess deferrals, excess contributions-distributions	1099-R	Real estate transactions	1099-S
Exercise of incentive stock option under section 422(b)	3921	Recharacterized IRA contributions	1099-R, 5498
Fees—employee	W-2	Refund—state and local tax	1099-G
Fees—nonemployee	1099-NEC	Rents	1099-MISC
Fishing boat crew members proceeds	1099-MISC	Reportable policy sale	1099-LS
Fish purchases for cash	1099-MISC	Retirement	1099-R
Foreclosures	1099-A	Roth conversion IRA contributions	5498
		Roth conversion IRA distributions	1099-R
		Roth IRA contributions	5498
		Roth IRA distributions	1099-R
		Royalties	1099-MISC, 1099-S
		Timber—pay-as-cut contract	1099-S
		Sales:	
		—Real estate	1099-S
		—Securities	1099-B
		Section 1035 exchange	1099-R
		Seller's investment in life insurance contract	1099-SB
		SEP contributions	W-2, 5498
		SEP distributions	1099-R
		Severance pay	W-2
		Sick pay	W-2

Type of Payment	Report on Form
SIMPLE contributions	W-2, 5498
SIMPLE distributions	1099-R
Student loan interest	1098-E
Substitute payments in lieu of dividends or tax-exempt interest	1099-MISC
Supplemental unemployment	W-2
Tax refunds—state and local	1099-G
Third party network transactions	1099-K
Tips	W-2
Traditional IRA contributions	5498
Traditional IRA distributions	1099-R
Transfer of stock acquired through an employee stock purchase plan under section 423(c)	3922
Tuition	1098-T
Unemployment benefits	1099-G
Vacation allowance—employee	W-2
Vacation allowance—nonemployee	1099-NEC
Wages	W-2

Index

A

Account number box [14](#)

B

Backup withholding [2](#), [18](#), [19](#)

C

Corporations, payments to [21](#)

Corrected returns, how to file [10](#)

D

Due dates [6](#), [8](#), [16](#)

E

Electronic reporting [8](#)

Extension to file [6](#)

Extension to furnish statements [18](#)

F

FATCA filing requirements [4](#), [13](#), [14](#)

Filing returns [7](#)

FIRE System [8](#)

Foreign intermediaries, payments made through [21](#)

Foreign person, payment to [4](#)

Form 1096 [2](#), [7](#)

Form 945 [19](#)

Form W-9 [14](#)

Forms, how to get [24](#)

G

Grantor trusts [21](#)

Guide to Information Returns [26](#)

H

Help [23](#)

I

Information returns, other [6](#)

K

Keeping copies [8](#)

L

Limited liability company (LLC) [13](#), [14](#)

Logos or substitute statements [15](#), [16](#)

M

Mailing forms [8](#)

N

Names, TINs, etc. [13](#)

Nominee/middleman [2](#)

O

Ordering forms [24](#)

P

Paper document reporting [9](#)

Partnerships, payments to [21](#)

Payee statements [2](#), [15](#), [16](#)

Payments made through foreign intermediaries [22](#)

Penalties [9](#), [19](#)

Private delivery services [6](#)

Q

Qualified settlement funds [3](#)

S

State and local tax departments [7](#)

Statement mailing requirements [15](#), [16](#)

Statements to recipients [2](#), [15](#), [16](#)

Substitute forms [2](#), [9](#), [15](#), [16](#)

Successor/predecessor reporting [2](#)

T

Taxpayer Advocate [23](#)

Taxpayer identification number (TIN) [13](#), [18](#)

Telephone numbers on statements [15](#)

TIN Matching [2](#)

Transmitters, paying agents, etc. [7](#)

V

Void returns [11](#)

W

When to file [6](#), [8](#)

When to furnish statements [16](#)

Where to file [7](#)

Who must file [2](#), [8](#)

Widely held fixed investment trusts [4](#)

Withholding, backup [2](#), [18](#), [19](#)

Resources for Payroll Professionals

Federal	www.irs.gov www.irs.gov/filing/e-file-forms-1099-with-iris www.ssa.gov www.eftps.gov
Payroll "Center"	https://www.irs.gov/businesses/small-businesses-self-employed/payroll-professionals-tax-center-information-for-payroll-professionals-and-their-clients
E-News	https://www.irs.gov/businesses/small-businesses-self-employed/e-news-for-payroll-providers
Forms	https://www.irs.gov/forms-pubs/order-products
Illinois	https://mytax.illinois.gov/ /
Missouri	https://dor.mo.gov/online-services/ https://uinteract.labor.mo.gov/benefits/home.do
Indiana	https://www.in.gov/dor/online-services/intime-tax-center/ https://www.in.gov/dwd/indiana-unemployment/employers/ess/
Florida	https://floridarevenue.com/

Membership



Talent Acquisition



HR Consulting



Background Checks



Training

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