



## Topic 758 - Form 941 – Employer's Quarterly Federal Tax Return and Form 944 – Employer's Annual Federal Tax Return

Generally, you will file [Form 941](#) (PDF), *Employer's Quarterly Federal Tax Return*, or [Form 944](#), *Employer's Annual Federal Tax Return*, to report wages you have paid, tips your employees have reported to you, federal income tax withheld, social security and Medicare taxes withheld, your share of social security and Medicare taxes, and advance earned income credit payments. Form 944 may be filed only by small business employers who have been notified to file that form. To report wages and taxes for farm employees, you will file [Form 943](#), *Employer's Annual Tax Return for Agricultural Employees*.

A separate Form 941 is filed for each quarter. The first quarter is January through March. The second quarter is April through June. The third quarter is July through September. The fourth quarter is October through December. Form 941 is due by the last day of the month following the end of the quarter. For example, wages you pay during the first quarter, January through March, must generally be reported on Form 941 by April 30th.

If the due date for filing a return falls on a Saturday, Sunday or legal holiday, you may file the return on the next business day.

Beginning with returns for calendar year 2006, some employers with small payrolls, including government employers, have filed an annual return [Form 944](#), *Employer's Annual Employment Tax Return*, instead of Form 941 each quarter. Form 944 generally is due on January 31st of the following year (e.g., January 31, 2008 for the 2007 tax year). The purpose of Form 944 is to reduce burden on small business taxpayers by allowing certain employers to file one employment tax return per year to report social security, Medicare, and withheld federal income taxes, and in most cases pay the employment tax with the return. Form 944 is designed for employers with an annual liability of \$1,000 or less for social security, Medicare, and withheld federal income taxes.

If you qualify for Form 944, you will be notified by the IRS. Employers cannot file Form 944 unless they are notified by the IRS that they qualify to file this form. If you believe your yearly employment taxes will be \$1,000 or less for the tax year (approximate annual wages of \$4,000 or less for U.S. employers and \$6,600 for employers who file Forms 944-S and 944-PR), please contact us at 1-800-829-0115 to determine if you are eligible to file Form 944. You should continue to file Form 941 quarterly until you receive written notification from the IRS that your filing requirement has been changed to Form 944 for a particular year. For further information, see the Instructions for Form 944.

Employers who receive this notification but prefer to file Form 941 instead, can request to have their filing requirements changed to Form 941 if they satisfy certain requirements. See Instructions for Form 944 for more information.

Employers notified to file Form 944 whose businesses grow during the year and exceed the \$1,000 eligibility threshold should still file Form 944 for the year. Employers who exceed the eligibility threshold will be notified by the IRS that their filing requirement has been changed to Form 941 for a particular year.

Some employers are required to deposit their employment taxes before the Form 941 and Form 944 are filed. For the rules for making deposits, refer to [Topic 757](#). If you have deposited all your tax on time, you have ten additional days to file.

The total social security and Medicare taxes on Form 941 and Form 944 may differ by a small amount from the total on your payroll records, due to fractions of cents that you gained or lost when computing separate amounts for individual employees. You may add or subtract this difference on the line for tax adjustments. Generally, this should not be more than a few cents. You may also use this adjustment line to correct the social security and Medicare taxes you were unable to collect on employees' tips, or for sick pay wages you report but for which social security and Medicare taxes were withheld by a third party, such as an insurance company. You may also use this line to make an adjustment for certain errors on your prior quarter [Form 941](#) (PDF) or Form 944. Show the adjustment on Form 941 for the quarter or Form 944 for the year, during which the error was discovered and attach [Form 941c](#) (PDF), *Supporting Statement to Correct Information*, or a written statement to explain the changes. For further information on reporting adjustments, see Section 13 in Publication 15.

The federal income tax withheld and social security and Medicare taxes are added together on Form 941 and Form 944. If you made advance earned income credit payments to employees during the quarter, these payments are subtracted from your total taxes. Refer to [Topic 754](#) for more information on the advance earned income credit.

The resulting net tax is the amount of employment taxes you owe for the quarter (Form 941) or the year (Form 944). If this amount is \$2,500 or more, complete the Tax liability for each month in Part 2 of Form 941 and Form 944, if you are a monthly schedule depositor. If you file Form 941 and are a semiweekly depositor, then report your tax liability on Form 941, [Schedule B \(PDF\)](#), *Report of Tax Liability for Semiweekly Schedule Depositors*. If you file Form 944 and are a semiweekly depositor, then report your tax liability on Form 945-A, *Annual Record of Federal Tax Liability*. The purpose of Part 2 of Form 941, Part 2 of Form 944, [Schedule B \(Form 941\)](#), and Form 945-A is to show the IRS when you paid your employees. IRS uses this information to determine if you deposited your employment taxes on time.

For monthly depositors you must show the combined amount of social security, Medicare, and withheld federal income tax owed for each month in Part 2 of Form 941 or Part 2 of Form 944. For semiweekly depositors, you must show the combined amount of social security, Medicare, and withheld federal income tax owed for each day on [Schedule B \(Form 941\)](#) or Form 945-A. Your liability for employment taxes occurs when you actually pay the employees their wages, not when the pay period ends. For example, if your pay period ends September 24th, but you do not pay the employees until October 1st, their wages would be reported in the fourth quarter, when you actually became liable for the tax, not the third quarter when the pay period ended.

It is very important that you complete Part 2 of Form 941 and Form 944, [Schedule B of Form 941](#), or Form 945-A correctly, or it may appear that you did not deposit your taxes when due. There is a late deposit penalty ranging from 2% to 15%, depending on the length of time the deposit is late.

Generally, if your tax liability for the quarter is \$2,500 or more and you have made the proper deposits, you should not have a balance due with Form 941 and Form 944. Generally, only taxpayers with a tax liability of less than \$2,500 may pay with the tax return. If you pay taxes with your tax return that should have been deposited, you may be subject to a penalty. Be sure Form 941 and Form 944 is signed and dated before mailing it to your service center.

You may find [Publication 15, \(Circular E\), Employer's Tax Guide](#), helpful. It explains all the deposit rules and filing requirements for Form 941 and Form 944.

[More Tax Topic Categories](#)