

# Instructions for Form 944-X



Department of the Treasury  
Internal Revenue Service

(Rev. February 2018)

## Adjusted Employer's ANNUAL Federal Tax Return or Claim for Refund

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

### Future Developments

For the latest information about developments related to Form 944-X and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form944X](http://IRS.gov/Form944X).

### What's New

**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/ar09.html](http://IRS.gov/irb/2017-14_IRB/ar09.html), 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 employees' behalf won't include a claim for overpaid Additional Medicare Tax.

**Qualified small business payroll tax credit for increasing research activities.** For tax years beginning after December 31, 2015, a qualified small business may elect to claim up to \$250,000 of its credit for increasing research activities as a payroll tax credit against the employer's share of social security tax. The portion of the credit used against the employer's share of social security tax is allowed in the first calendar quarter beginning after the date that the qualified small business filed its income tax return. The first Form 944 that you can claim this credit on is Form 944 filed for calendar year 2017. The election and determination of the credit amount that will be used against the employer's share of social security tax are made on Form 6765, Credit for Increasing Research Activities. The payroll tax credit must generally be elected only on an original income tax return that is timely filed (including extensions). The amount from Form 6765, line 44, must then be reported on Form 8974, Qualified Small Business Payroll Tax Credit for Increasing Research Activities. Form 8974 is used to determine the amount of the credit that can be used in the current year. The amount from Form 8974, line 12, is reported on Form 944, line 8. For 2017 and subsequent years, any correction to Form 944, line 8, is reported on Form 944-X, line 13. If you make a correction on Form 944-X, line 13, you must attach a corrected Form 8974. For more information about the payroll tax credit, see Notice 2017-23, 2017-16 I.R.B. 1100, available at [IRS.gov/irb/2015-16\\_IRB/ar07.html](http://IRS.gov/irb/2015-16_IRB/ar07.html). Also see the line 13 instructions in the Instructions for Form 944.

**Period of limitations to make certain corrections expired.** Generally, you may correct overreported taxes on a previously filed Form 944 if you file Form 944-X within 3 years of the date Form 944 was filed or 2 years from the date you paid the tax reported on Form 944, whichever is later. For purposes of the period of limitations, Form 944 is considered filed on April 15 of the succeeding year if filed before that date.

The period of limitations to correct social security tax for 2011 and 2012 expired on April 17, 2015, and April 15, 2016, respectively, for most employers. These instructions no longer discuss the reduced rate of employee social security tax that applied in 2011 and 2012. The 2011 and 2012 employee social security tax rate was 4.2% and the employer social security tax rate was 6.2% (10.4% total). If the period of limitations for 2011 and 2012 is still open, you can file the February 2018 revision of Form 944-X but make sure you use the correct rate when reporting corrections on lines 8 and 9.

### Reminders

**Retroactive increase in excludable transit benefits for 2014.** The Tax Increase Prevention Act of 2014 increased the monthly transit benefit exclusion from \$130 per participating employee to \$250 per participating employee for the period of January 1, 2014, through December 31, 2014. Employers were provided instructions on how to correct the social security and Medicare taxes on the excess transit benefits in Notice 2015-2, 2015-4 I.R.B. 334, available at [IRS.gov/irb/2015-4\\_IRB/ar06.html](http://IRS.gov/irb/2015-4_IRB/ar06.html).

**Retroactive increase in excludable transit benefits for 2015.** The Consolidated Appropriations Act, 2016, increased the monthly transit benefit exclusion from \$130 per participating employee to \$250 per participating employee for the period of January 1, 2015, through December 31, 2015. Employers were provided instructions on how to correct the social security and Medicare taxes on the excess transit benefits in Notice 2016-06, 2016-4 I.R.B. 287, available at [IRS.gov/irb/2016-04\\_IRB/ar07.html](http://IRS.gov/irb/2016-04_IRB/ar07.html).

**Claiming the COBRA premium assistance credit.** The COBRA premium assistance credit was available to an employer for premiums paid on behalf of employees who were involuntarily terminated from employment between September 1, 2008, and May 31, 2010. The COBRA premium assistance credit isn't available for individuals who were involuntarily terminated after May 31, 2010. Therefore, only in rare circumstances, such as instances where COBRA eligibility was delayed as a result of employer provided health insurance coverage following termination, will the credit be available. If you're eligible to claim the credit, use Form 944-X, lines 19a and 19b. Form 944-X should be filed after filing your Form 944. Filing a Form 944-X before filing a Form 944 for the year may result in errors or delays in processing your Form 944-X. For more information, go to [IRS.gov/COBRACredit](http://IRS.gov/COBRACredit).

**TIP** *If you're entitled to claim the COBRA premium assistance credit, but aren't otherwise required to file Form 944, file a Form 944 with -0- entered on line 11 before filing your Form 944-X to claim the credit.*

**Correcting federal income tax withheld.** Generally, you may only correct administrative errors to federal income tax withholding (that is, errors in which the amount reported on Form 944, line 2, 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 14-17](#), later.



Only transposition or math errors involving the inaccurate reporting of the amount actually withheld are “administrative errors.”

You can't file a Form 944-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 in Pub. 15 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.



The amount actually withheld is reflected on payroll information or on Form W-2, Wage and Tax Statement, which can be used by the employee to claim a credit for withholding for individual income tax return purposes.

**Correcting Additional Medicare Tax withholding.** Wages and tips subject to Additional Medicare Tax withholding are reported on Form 944, line 4d. Certain errors discovered on a previously filed Form 944 are corrected on Form 944-X, line 11. However, you can't file a Form 944-X to correct 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 11](#), later, for more information on the types of errors that can be corrected and how the correction is reported on Form 944-X. For more information about Additional Medicare Tax withholding, see the Instructions for Form 944 or go to [IRS.gov/ADMT](http://IRS.gov/ADMT).

**Correcting the COBRA premium assistance credit.** For tax periods ending before January 1, 2014, employers who made COBRA premium assistance payments for assistance-eligible individuals were allowed a credit on their Form 944. Any errors discovered on a previously filed Form 944 for this credit are corrected on Form 944-X, lines 19a and 19b. Effective for tax periods beginning after December 31, 2013, Form 944-X is used to both report the total COBRA premium assistance credit an employer is entitled to claim and correct any previously reported credit. For more information, see the instructions for lines [19a](#) and [19b](#), later.

## General Instructions: Understanding Form 944-X

### What Is the Purpose of Form 944-X?



For tax periods beginning after December 31, 2013, Form 944 will no longer be used to claim the credit for COBRA premium assistance payments. Instead, use Form 944-X. For more information, see the instructions for lines [19a](#) and [19b](#), later.

Use Form 944-X to correct errors on a previously filed Form 944. Use Form 944-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; and
- Credits for COBRA premium assistance payments.

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 944 or Form 944-X.



We use the terms “correct” and “corrections” on Form 944-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/ar14.html](http://IRS.gov/irb/2009-52_IRB/ar14.html).

When you discover an error on a previously filed Form 944, you must:

- Correct that error using Form 944-X,
- File a separate Form 944-X for each Form 944 that you're correcting, and
- Generally, file Form 944-X separately. Don't file Form 944-X with Form 944. However, if you didn't previously file Form 944 because you mistakenly treated your employees as nonemployees, you may have to file Form 944-X with Form 944. See the instructions for [line 22](#), later.

If you didn't file a Form 944 for 1 or more years for which you should have filed Form 944, don't use Form 944-X. Instead, file Form 944 for each of those years. See also [When Should You File Form 944-X](#), later. However, if you didn't file Forms 944 because you improperly treated workers as independent contractors or nonemployees and are now reclassifying them as employees, see the instructions for [line 22](#), later.

Report the correction of underreported and overreported amounts for the same year on a single Form 944-X, unless you're requesting a refund or abatement. If you're requesting a refund or abatement and you're correcting both underreported and overreported amounts, file one Form 944-X correcting the underreported amounts only and a second Form 944-X correcting the overreported 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 944 for the period during which you file Form 944-X. However, see the [Caution](#) under [Is There a Deadline for Filing Form 944-X](#), later, if you're correcting overreported 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 amount. Follow the chart on the back of Form 944-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 23 for each correction that you show on Form 944-X.

Continue to report current year adjustments for fractions of cents, third-party sick pay, tips, and group-term life insurance on Form 944, line 6.

You have additional requirements to complete when filing Form 944-X, such as certifying that you filed (or will file) all applicable Forms W-2 and Forms W-2c, Corrected Wage and Tax Statements. For corrections of overreported federal income tax, social security, or Medicare tax, you must make any certifications that apply to your situation.



Don't use Form 944-X to correct Form CT-1, 941, 941-SS, 943, or 945. Instead, use the "X" form that corresponds to those forms (Form CT-1 X, 941-X, 943-X, or 945-X).

## Where Can You Get Help?

For help filing Form 944-X or for questions about federal employment taxes and tax corrections, you can:

- Go to [IRS.gov/EmploymentTaxes](https://www.irs.gov/employmenttaxes);
- See Pub. 15 or Pub. 80, Federal Tax Guide for Employers in the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands; or
- Call the IRS Business and Specialty Tax Line toll free at 1-800-829-4933 or 1-800-829-4059 (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).

See also [How Can You Get Forms, Instructions, and Publications From the IRS](#), later.

## When Should You File Form 944-X?

File Form 944-X when you discover an error on a previously filed Form 944.

However, if your only errors on Form 944 relate to federal tax liabilities reported in Part 2 of Form 944 or on Form 945-A, Annual Record of Federal Tax Liability, don't file Form 944-X. To correct federal tax liabilities reported in Part 2 of Form 944, file Form 945-A, but only enter the monthly totals. The daily entries aren't required. For more information about correcting federal tax liabilities reported on Form 945-A, see the Form 945-A instructions.

**Due dates.** The due date for filing Form 944-X depends on when you discover an error and if you underreported or overreported tax. If you underreported tax, see [Underreported tax](#) next. For overreported amounts, you may choose to either make an interest-free adjustment or file a claim for refund or abatement. If you're correcting overreported amounts, see [Overreported tax—adjustment process](#) and [Overreported tax—claim process](#), later.

If any due date falls on a Saturday, Sunday, or legal holiday, you may file Form 944-X on the next business day. The term "legal holiday" means any legal holiday in the District of Columbia. See Pub. 15 for the list of legal holidays. If we receive Form 944-X after the due date, we will treat Form 944-X as filed on time if the envelope containing Form 944-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 944-X filed when it is actually received. 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).

**Underreported tax.** If you're correcting underreported tax, you must file Form 944-X by the due date of the return for the return period in which you discovered the error (January 31 of the following year) 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 20](#), later.

If Form 944-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 Form 945-A to Form 944-X. Otherwise, the IRS may assess an "averaged" FTD penalty. The tax reported on

Form 945-A, line M, must match the corrected total tax (Form 944, line 9 (line 7 for years before 2017), combined with any correction reported on Form 944-X, line 18) for the year, less any previous abatements and interest-free tax assessments.

**Example—You owe tax.** On February 13, 2018, you discovered that you underreported \$1,000 of social security and Medicare wages on your 2017 Form 944. File Form 944-X and pay the amount you owe by January 31, 2019, because you discovered the error in 2018 and January 31, 2019, is the due date for that year. If you file Form 944-X before January 31, 2019, pay the amount you owe by the time you file.



Form 944-X can't be used to correct underreported amounts of Additional Medicare Tax unless the amounts were withheld from employee wages.

**Overreported tax—adjustment process.** If you overreported tax and choose to apply the credit on Form 944 or Form 941, file an adjusted return on Form 944-X soon after you discover the error but more than 90 days before the period of limitations on the credit or refund for Form 944 expires. See [Is There a Deadline for Filing Form 944-X](#) below.



Form 944-X can't be used to correct overreported amounts of Additional Medicare Tax unless the amounts were not withheld from employee wages.

### Example—You want your credit applied to Form 944.

You filed your 2017 Form 944 on January 31, 2018, and payments were timely made. On May 1, 2018, you discover that you overreported tax on your 2017 Form 944. You file Form 944-X on June 4, 2018. The IRS treats your credit as a tax deposit made on January 1, 2018. When you file your 2018 Form 944, include the amount from Form 944-X, line 20, on the "Total deposits" line of your 2018 Form 944.



If you reduced your deposits during the year by the amount of the COBRA premium assistance credit that will be reflected on your Form 944-X, don't use the adjustment process to claim the COBRA premium assistance credit. Use the claim process. See the instructions for lines [19a](#) and [19b](#), later.

**Overreported tax—claim process.** If you overreported tax on Form 944, you may choose to file a claim for refund or abatement on Form 944-X any time before the period of limitations on credit or refund expires. If you also need to correct any underreported amounts, you must file another Form 944-X reporting only corrections to the underreported amounts. See [Is There a Deadline for Filing Form 944-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 944-X?

Generally, you may correct overreported taxes on a previously filed Form 944 if you file Form 944-X within 3 years of the date Form 944 was filed or 2 years from the date you paid the tax reported on Form 944, whichever is later. You may correct underreported taxes on a previously filed Form 944 if you file Form 944-X within 3 years of the date the Form 944 was filed. We call each of these time frames a "period of limitations." For purposes of the period of limitations, Form 944 is considered filed on April 15 of the succeeding year if filed before that date.

**Example.** You filed your 2014 Form 944 on January 26, 2015, and payments were timely made. The IRS treats the return as if it were filed on April 15, 2015. On January 22, 2018, you

discovered that you overreported social security and Medicare wages on that form by \$350. To correct the error, you must file Form 944-X by April 17, 2018 and use the claim process.



*If you file Form 944-X to correct overreported 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 amounts, you must file another Form 944-X to correct the underreported amounts using the adjustment process and pay any tax due.*

## Where Should You File Form 944-X?

Send your completed Form 944-X to the address shown next. For the IRS mailing address to use if you're using a PDS, go to [IRS.gov/PDSstreetAddresses](https://www.irs.gov/PDSstreetAddresses).

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 45999-0044
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 84201-0044
No legal residence or principal place of business in any state	Internal Revenue Service P.O. Box 409101 Ogden, UT 84409
<b>Special filing address</b> 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 84201-0044

## How Should You Complete Form 944-X?

### Use a Separate Form 944-X for Each Year You're Correcting

Use a separate Form 944-X for each Form 944 you're correcting. For example, if you found errors on your Forms 944 for 2016 and 2017, file one Form 944-X to correct the 2016 Form 944. File a second Form 944-X to correct the 2017 Form 944.

### 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 tops of pages 2 and 3, and on any attachments. If your address has changed since you filed your Form 944, enter the corrected information and the IRS will update your address of record. Be sure to write your name, EIN, "Form 944-X," and the calendar year you're correcting on the top of any attachments.

## Return You're Correcting

Enter the calendar year of the Form 944 you're correcting. Enter the calendar year on pages 2 and 3 in the box marked "Correcting Calendar Year." Be sure to write your name, EIN, "Form 944-X," and the calendar year you're correcting on the top of any attachments.

## 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 the error. If you're reporting several errors you discovered at different times, enter the earliest date you discovered an error here. Report any subsequent dates and related errors on line 23.

## Must You Make an Entry on Each Line?

You must provide all of the information requested at the top of Form 944-X, page 1. 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 944-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 944-X?

You can help the IRS process Form 944-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 three pages and sign Form 944-X on page 3.
- Staple multiple sheets in the upper-left corner.

## What About Penalties and Interest?

Generally, your correction of an underreported amount won't be subject to an FTP penalty, FTD penalty, or interest if you:

- Enter the date you discovered the error,
- Explain in detail the grounds and facts relied on to support the correction,
- File on time (by the due date of Form 944 for the year in which you discover the error), and
- **Pay** the amount shown on line 20 **by the time you file** Form 944-X.

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 reasonable-cause criteria. Don't attach an explanation when you file your return.

## Overview of the Process

To correct a previously filed Form 944, use Form 944-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 944, check the box on line 1 and **pay** any additional amount you owe **by the time you file** Form 944-X. For details on how to make a payment, see the instructions for [line 20](#), later.

**Example—You underreported employment taxes.** On June 20, 2017, you discovered an error that results in additional tax on your 2016 Form 944. File Form 944-X by January 31, 2018, and pay the amount you owe by the time you file. See [When Should You File Form 944-X](#), earlier. Don't attach Form 944-X to your 2017 Form 944.

**If you overreported the tax.** If you overreported the tax on a previously filed Form 944, choose one of the following options.

- **Use the adjustment process.** Check the box on line 1 to apply any credit (negative amount) from line 20 to Form 944 for the year during which you file Form 944-X.
- **Use the claim process.** Check the box on line 2 to file a claim on Form 944-X requesting a refund or abatement of the amount shown on line 20.

**TIP** To ensure the IRS has enough time to process a credit for an **overreporting adjustment** in the year in which you file Form 944-X, you're encouraged to file Form 944-X correcting the overreported amount in the first 11 months of a year. However, there must be 90 days remaining on the period of limitations when you file Form 944-X. See the Caution under [Is There a Deadline for Filing Form 944-X](#), earlier. For example, if you discover an overreported amount in December, you may want to file Form 944-X during the first 11 months of the next year. This should ensure the IRS will have enough time to process the Form 944-X so the credit will be posted before you file Form 944, thus avoiding an erroneous balance due notice from the IRS. See the example below.

If you currently file Form 941 instead of Form 944 and will claim a credit on Form 941, file Form 944-X in the first 2 months of a quarter in any quarter before the expiration of the period of limitations on Form 944. In the year of the expiration of the period of limitations on Form 944, file Form 944-X at least 90 days before the expiration date.

**Example—You want your overreported tax applied as a credit on Form 944.** On December 18, 2018, you discover you overreported your tax on your 2017 Form 944 and want to choose the adjustment process. To allow the IRS enough time to process the credit, you file Form 944-X on January 4, 2019, and take the credit on your 2019 Form 944.

## Specific Instructions:

### Part 1: Select ONLY One Process

Because Form 944-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.

#### 1. Adjusted Employment Tax Return

Check the box on line 1 if you're correcting underreported amounts or overreported amounts and you would like to use the adjustment process to correct the errors.

If you're correcting both underreported amounts and overreported amounts on this form, you **must** check this box. If

you check this box, any negative amount shown on line 20 will be applied as a credit (tax deposit) to your Form 944 or Form 941 for the period in which you're filing this form. See [Example—You want your overreported tax applied as a credit on Form 944](#) above.



**Form 944-X can't be used to correct overreported amounts of Additional Medicare Tax unless the amounts were not withheld from employee wages.**

**If you owe tax.** Pay the amount shown on line 20 **by the time you file** Form 944-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 23.

**If you have a credit.** You overreported employment taxes (you have a negative amount on line 20) and want the IRS to apply the credit on Form 944 (or Form 941) for the period during which you filed Form 944-X. The IRS will apply your credit to the first day of the Form 944 year (or Form 941 quarter) during which you filed Form 944-X. However, the credit you show on Form 944-X, line 20, may not be fully available on your Form 944 (or Form 941) 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 944 or Form 941 was reduced because of unpaid taxes, penalties, or interest.



**Don't check the box on line 1 if you're either: (a) correcting overreported amounts and the period of limitations on credit or refund for Form 944 will expire within 90 days of the date you file Form 944-X, or (b) claiming a credit for COBRA premium assistance payments and you reduced your deposits in anticipation of the credit. Instead, in either case, check the box on line 2 to file a Form 944-X under the claim process. See [Is There a Deadline for Filing Form 944-X](#), earlier. Also see the instructions for lines [19a](#) and [19b](#), later.**

### 2. Claim

Check the box on line 2 to use the claim process if you're correcting **overreported amounts only** and you're claiming a refund or abatement for the negative amount (credit) shown on line 20. Don't check this box if you're correcting any underreported amounts on this form.

You must check the box on line 2 if you have a credit and the period of limitations on credit or refund for Form 944 will expire within 90 days of the date you file Form 944-X. See [Is There a Deadline for Filing Form 944-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 944-X during processing or you owe other taxes, penalties, or interest, the IRS will refund the amount shown on line 20, 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 amounts, complete line 3 only; skip lines 4 and 5 and go to Part 3. If your corrections relate to overreported amounts, 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, 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. References to Form W-2 on Form 944-X and in these instructions also apply to Forms W-2AS, W-2CM, W-2GU, and W-2VI unless otherwise noted.

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 944-X don't change amounts shown on those forms. For example, if your only correction to Form 944 involves misstated tax adjustments (see the instructions for [line 12](#), later), check the box on line 3 to certify that you already filed all required Forms W-2 and W-2c with the Social Security Administration (SSA).

### 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 23 of the amount of the corrections for the employees who provided written statements and for those who didn't.



*You may not use Form 944-X to correct overreported amounts of Additional Medicare Tax unless the amounts weren't withheld from employee wages.*

**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 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. 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. 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 of the remaining employees, check all applicable boxes. Provide a summary on line 23 of the amount of the

corrections for the employees who provided statements or consents and for those who didn't.



*You may not file a refund claim to correct federal income tax or Additional Medicare Tax actually withheld from employees. 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 prior year social security and Medicare tax. You're certifying that you repaid or reimbursed to the employees their share of prior year social security and Medicare tax 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. 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. 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 prior year social security and Medicare tax 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), 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;
- 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. 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 before 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 944-X but don't check a box on line 5. Tell us on line 23 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 have 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 tax. 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 tax, 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 the Calendar Year You're Correcting

### What Amounts Should You Report in Part 3?

On lines 6–11, columns 1 and 2, show amounts for **all** of your employees, not just for those employees whose amounts you're correcting.

If a correction you report in column 4 includes both underreported and overreported amounts (see the instructions for [line 21](#), later), give us details for each error on line 23.

Because special circumstances apply for lines 12–17, 19a, and 19b, read the instructions for each line carefully before entering amounts in the columns.



*If you previously adjusted or amended Form 944 using Form 944-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 944, line 1, enter the total corrected amount for **all** employees in column 1. In column 2, enter the amount you originally reported. In column 3, enter the difference between columns 1 and 2.

If you or the IRS previously corrected the amount reported on Form 944, line 1, 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 \$900 as total wages, tips, and other compensation on line 1 of your 2017 Form 944. In July of 2018, you discover that you had overlooked \$100 in tips for one of your part-time employees. To correct the error, figure the difference on Form 944-X as shown.

Column 1 (corrected amount)	1000.00
Column 2 (from Form 944, line 1)	-900.00
Column 3 (difference)	100.00

**Example—Wages, tips, and other compensation decreased.** You reported \$900 as wages, tips, and other compensation on line 1 of your 2017 Form 944. In December of 2018, you discover that you included \$200 in wages for one of your employees twice. To correct the error, figure the difference on Form 944-X as shown.

Column 1 (corrected amount)	700.00
Column 2 (from Form 944, line 1)	-900.00
Column 3 (difference)	-200.00

**Example—Auto allowance; wages, tips, and other compensation increased.** You paid one of your employees a

\$50 monthly auto allowance from October–December 2017 and didn't treat the payments as taxable wages. However, in February 2018, you realized that the payments were wages because they were not reimbursements of deductible business expenses that were substantiated and paid under an accountable plan. Therefore, you must correct the error and treat the auto allowance as wages subject to income, social security, and Medicare taxes. Use Form 944-X to report the additional \$150 of wages on line 6 and any underreported amounts on lines 8 and 10.



*The amount on line 6, column 1, should be used on your Forms W-2 or Forms W-2c. This amount should also 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 944, line 2, 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 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 only correct administrative errors to federal income tax withholding (that is, errors in which the amount reported on Form 944 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." The administrative error adjustment corrects the amount reported on Form 944 to agree with the amount actually withheld from employees. See section 2 of Pub. 15 for more information about section 3509. If section 3509 rates apply, see the instructions for [lines 14–17](#), later.*

*You can't file a Form 944-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 in Pub. 15 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 2017 but you withheld nothing. You discovered the error on March 19, 2018. You can't file Form 944-X to correct your 2017 Form 944 because the error involves a previous year and the amount previously reported for the employee represents the actual amount withheld from the employee during 2017.

**Example—Prior year administrative error (incorrectly reported amount of federal income tax actually withheld).** You had three employees. In 2017, you withheld \$100 of federal income tax from Nathan Smith, \$200 from Leah Green, and \$600 from Becky Lee. The total amount of federal income tax you withheld was \$900. You mistakenly reported \$600 on line 2 of your 2017 Form 944. You discovered the error on March 19, 2018. This is an example of an administrative error that may be corrected in a later calendar year because the amount actually withheld from employees' wages differs from the amount reported on Form 944. Use Form 944-X to correct the error. Enter \$900 in column 1 and \$600 in column 2. Subtract the amount in column 2 from the amount in column 1.

Column 1 (corrected amount)	900.00
Column 2 (from Form 944, line 2)	<u>-600.00</u>
Column 3 (difference)	300.00

Report the \$300.00 as a tax correction in column 4.

Be sure to explain the reasons for this correction on line 23.

**Example—Nonadministrative error reporting income tax due to repayment of wages paid in prior year.** You paid Jack Brown \$4,000 of wages for 2 months of work in September 2017. You withheld \$400 of federal income tax at the time you paid Jack. These amounts were reported on your 2017 Form 944. Jack left employment in October 2017 (after only 1 month of service). In February 2018, Jack repaid \$2,000 to you. You can't file Form 944-X to reduce the federal income tax withheld because you actually withheld the federal income tax from wages. You also can't file Form 944-X to reduce wages because the wages were income to Jack for the prior year. These amounts were correctly reported on Form 944.

## 8. Taxable Social Security Wages

If you're correcting the taxable social security wages you reported on Form 944, line 4a, 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)	
<u>-line 8 (column 2)</u>	
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 (12.4% tax rate) and enter the result in column 4.

line 8 (column 3)	
<u>x 0.124</u>	
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'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 23.

**Example—Social security wages decreased.** Following [Example—Wages, tips, and other compensation decreased](#) in the instructions for line 6, earlier, the wages that you counted

twice were also taxable social security wages. To correct the error, figure the difference on Form 944-X as shown.

Column 1 (corrected amount)	700.00
Column 2 (from Form 944, line 4a, column 1)	<u>-900.00</u>
Column 3 (difference)	-200.00

Use the difference in column 3 to determine your tax correction.

Column 3 (difference)	-200.00
Tax rate (12.4%)	<u>x 0.124</u>
Column 4 (tax correction)	-24.80

Be sure to explain the reasons for this correction on line 23.

## 9. Taxable Social Security Tips

If you're correcting the taxable social security tips you reported on Form 944, line 4b, 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)	
<u>-line 9 (column 2)</u>	
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 0.124 (12.4% tax rate) and report the result in column 4.

line 9 (column 3)	
<u>x 0.124</u>	
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'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 23.

**Example—Social security tips increased.** Following the [Example—Wages, tips, and other compensation increased](#) in the instructions for line 6, earlier, the tips that you overlooked were also taxable social security tips. To correct the error, figure the difference on Form 944-X as shown.

Column 1 (corrected amount)	1000.00
Column 2 (from Form 944, line 4b, column 1)	<u>- 900.00</u>
Column 3 (difference)	100.00

Use the difference in column 3 to determine your tax correction.



Column 3 (difference)	100.00
Tax rate (12.4%)	x 0.124
Column 4 (tax correction)	<u>12.40</u>

Be sure to explain the reasons for this correction on line 23.

## 10. Taxable Medicare Wages and Tips

If you're correcting the taxable Medicare wages and tips you reported on Form 944, line 4c, 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 0.029 (2.9% tax rate) and enter the result in column 4.

line 10 (column 3)	
x 0.029	
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'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 23.

**Example—Medicare wages and tips decreased.** Following [Example—Wages, tips, and other compensation decreased](#) in the instructions for line 6, earlier, the wages that you counted twice were also taxable Medicare wages and tips. To correct the error, figure the difference on Form 944-X as shown.

Column 1 (corrected amount)	700.00
Column 2 (from Form 944, line 4c, column 1)	<u>-900.00</u>
Column 3 (difference)	-200.00

Use the difference in column 3 to determine your tax correction.

Column 3 (difference)	-200.00
Tax rate (2.9%)	x 0.029
Column 4 (tax correction)	<u>-5.80</u>

Be sure to explain the reasons for this correction on line 23.

## 11. Taxable Wages and Tips Subject to Additional Medicare Tax Withholding

Generally, you may correct errors to Additional Medicare Tax withholding only if you made an administrative error. An administrative error is when the amount reported on Form 944, line 4d, column 2, isn't the amount you actually withheld from employees because you transposed or made a basic math error

reporting the amount on Form 944, line 4d, column 2. Similarly, if the amount reported on Form 944, line 4d, column 2 doesn't agree with the 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), you may correct Form 944, line 4d, column 2, because the amount you paid on behalf of the employee is treated as the amount actually withheld.

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 14–17](#), 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 944, line 4d, column 1, or previously corrected on Form 944-X. You can't correct the tax reported on Form 944, line 4d, column 2.

**Prior year administrative errors.** If you're correcting the taxable wages and tips subject to Additional Medicare Tax withholding that you reported on Form 944, line 4d, 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 0.009 (0.9% tax rate) and enter that result in column 4.

line 11 (column 3)	
x 0.009	
line 11 (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).** Nathan Smith's wages exceeded the \$200,000 withholding threshold for Additional Medicare Tax in November 2017. The total wages paid to Nathan for 2017 were \$230,000. You withheld \$270 (\$30,000 x 0.009) from Nathan's wages. However, on your 2017 Form 944 you mistakenly reported \$3,000 on line 4d, column 1, and Additional Medicare Tax withheld of \$27 on line 4d, column 2. You discover the error on March 16, 2018. This is an example of an administrative error that may be corrected in a later calendar year because the amount actually withheld differs from the amount reported on your 2017 Form 944. Use Form 944-X, line 11, to correct the error as shown below.

Column 1 (corrected amount)	30,000.00
Column 2 (from Form 944, line 4d, column 1)	<u>-3,000.00</u>
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)	<u>243.00</u>

Be sure to explain the reasons for this correction on line 23.

**Prior year nonadministrative errors.** You may correct **only** the taxable wages and tips subject to Additional Medicare Tax withholding that you reported on Form 944, line 4d, 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.

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 23.

**Example—Prior year nonadministrative error (failure to withhold Additional Medicare Tax when required).** Leah Green's wages exceeded the \$200,000 withholding threshold for Additional Medicare Tax in December 2017. The total wages paid to Leah for 2017 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 4d of your 2017 Form 944. You discover the error on March 16, 2018. File Form 944-X to correct wages and tips subject to Additional Medicare Tax withholding for your 2017 Form 944, 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 the employee represents the actual amount withheld from the employee during 2017.

**Combination of prior year administrative and nonadministrative errors.** If you're reporting both administrative errors and nonadministrative errors for the same 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 23 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.** Nathan Smith's wages exceeded the \$200,000 withholding threshold for Additional Medicare Tax in November 2017. The total wages paid to Nathan for 2017 were \$230,000. You withheld \$270 (\$30,000 x 0.009) from Nathan's wages. However, on your 2017 Form 944 you mistakenly reported \$3,000 on line 4d, column 1, and Additional Medicare Tax withheld of \$27 on line 4d, column 2. The difference in wages subject to Additional Medicare Tax related to this administrative error is \$27,000 (\$30,000 - \$3,000).

Leah Green's wages exceeded the \$200,000 withholding threshold for Additional Medicare Tax in December 2017. The total wages paid to Leah for 2017 were \$220,000. You were required to withhold \$180 (\$20,000 x 0.009) but you withheld nothing and didn't report Leah's \$20,000 in wages subject to Additional Medicare Tax withholding on line 4d of your 2017 Form 944.

You discover both errors on March 16, 2018. Use Form 944-X, line 11, to correct the errors as shown below.

Column 1 (corrected amount)	50,000.00
Column 2 (from Form 944, line 4d, 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 23. 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.

## 12. Tax Adjustments

Don't enter an amount on line 12 unless you need to correct any adjustments reported on Form 944, line 6. Amounts reported on line 12 reflect corrections of amounts misstated on Form 944, line 6. See [Example—Adjustment for third-party sick pay underreported](#) below.

Enter in column 1 the total **corrected** amount for Form 944, line 6. Enter in column 2 the total originally reported or previously corrected amount from Form 944, line 6. In column 3, enter the difference between columns 1 and 2.

line 12 (column 1)	
-line 12 (column 2)	
line 12 (column 3)	

**TIP** 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 944, line 6.

Copy the amount in column 3 to column 4. Include any minus sign shown in column 3.

On line 23, describe what you misreported on Form 944. Tell us if your adjustment is for fractions of cents, third-party sick pay, tips, or group-term life insurance.

**Example—Current year's third-party sick pay underreported.** You reported \$690 (shown as "-690.00") as a third-party sick pay adjustment (reduction to tax) on your 2017 Form 944, line 6. Your third-party sick pay adjustment should have been \$960 (shown as "-960.00") 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 2018. To correct the error, figure the difference on Form 944-X as shown.

Column 1 (corrected amount)	-960.00
Column 2 (from Form 944, line 6)	-(690.00)
Column 3 (difference)	-270.00

Here is how you would enter the numbers on Form 944-X.

Column 1 (corrected amount)	Column 2 (from Form 944, line 6)	Column 3 (difference)
-960.00	-690.00	-270.00

Report “-270.00” as your correction in column 4.

In this example, you’re claiming a credit for \$270 in overreported tax for your 2017 Form 944. 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 23.

### 13. Qualified Small Business Payroll Tax Credit for Increasing Research Activities

If you’re correcting the qualified small business payroll tax credit for increasing research activities that you reported on Form 944, line 8, 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 23.

### 14–17. 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 social security tax, Medicare tax, Additional Medicare Tax, and federal income 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 tax. Section 3509 rates are also not available for certain statutory employees.

On lines 14–17, 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 other lines on Form 944-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 23. 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 22](#), later, for more information.

### 18. Subtotal

Combine the amounts on lines 7–17 of column 4 and enter the total on line 18.

**Example.** You entered “1,400.00” in column 4 of line 7, “-500.00” in column 4 of line 8, and “-100.00” in column 4 of line 10. Combine these amounts and enter “800.00” in column 4 of line 18.

Line 7 (column 4)	1400.00
Line 8 (column 4)	-500.00
Line 10 (column 4)	-100.00
Line 18 (column 4)	800.00

### 19a. Claiming or Correcting the COBRA Premium Assistance Credit



*The COBRA premium assistance credit was available to an employer for premiums paid on behalf of employees who were involuntarily terminated from employment between September 1, 2008, and May 31, 2010. The COBRA premium assistance credit isn’t available for individuals who were involuntarily terminated after May 31, 2010. Therefore, only in rare circumstances, such as instances where COBRA eligibility was delayed as a result of employer provided health insurance coverage following termination, will the credit be available.*

Enter 65% of the total COBRA premium assistance payments for all assistance-eligible individuals in column 1. Report the premium assistance payments on this line only after the assistance-eligible individual’s 35% share of the premium has been paid. For COBRA coverage provided under a self-insured plan, COBRA premium assistance is treated as having been made for each assistance-eligible individual who paid 35% of the COBRA premium. Don’t include the assistance-eligible individual’s 35% of the premium in the amount entered on this line.

For tax periods ending before January 1, 2014, enter any COBRA premium assistance payments previously claimed on Form 944, line 9a, in column 2. For tax periods beginning after December 31, 2013, enter -0- in column 2, unless you’re correcting a COBRA premium assistance payment previously reported on a Form 944-X. If you or the IRS previously corrected the amount reported, the amount entered in column 2 should take into account all previous corrections.

Enter the difference between column 1 and 2 in column 3. 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.



*The COBRA premium assistance credit is treated as a credit on the first day of the return period (that is, January 1). However, because the credit is now claimed on Form 944-X filed **after** submission of the Form 944, an employer that reduces its required deposits in anticipation of the credit will receive a system-generated notice reflecting a balance due and associated penalties and interest, if applicable. The balance due, including any related penalties and interest, resulting from the reduction in deposits in anticipation of the credit will be abated when the credit is applied. Such abatement will generally occur without any further action from the employer. Alternatively, to prevent triggering a system-generated balance due notice, the employer can make its deposits without a reduction in anticipation of the COBRA premium assistance credit and follow these instructions for claiming the COBRA premium assistance credit.*

For more information on the COBRA premium subsidy, go to [IRS.gov/COBRACredit](https://www.irs.gov/COBRACredit).

## 19b. Number of Individuals Provided COBRA Premium Assistance on Line 19a

Enter the total number of assistance-eligible individuals provided COBRA premium assistance in column 1. Count each assistance-eligible individual who paid a reduced COBRA premium in the period as one individual, whether or not the reduced premium was for insurance that covered more than one assistance-eligible individual. For example, if the reduced COBRA premium was for coverage for a former employee, spouse, and two children, you would include one individual in the number entered on line 19b for the premium assistance entered on line 19a. Further, each individual is reported only once per period. For example, an assistance-eligible individual who made monthly premium payments during the period would only be reported as one individual on line 19b for that period.

For tax periods ending before January 1, 2014, enter the number of assistance-eligible individuals provided COBRA premium assistance previously reported on Form 944, line 9b, in column 2. For tax periods beginning after December 31, 2013, enter -0- in column 2, unless you're correcting a previously filed Form 944-X. If you or the IRS previously corrected the number of individuals reported, the number entered in column 2 should take into account all previous corrections.

## 20. Total

Combine line 18 and column 4 of line 19a, and enter the result on line 20.

**Your credit.** If the amount entered on line 20 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 944 for the year during which you filed Form 944-X. If you currently file Form 941 or Form 941-SS because your filing requirement changed, include this amount on the “Total deposits” line of Form 941 or Form 941-SS for the quarter during which you filed Form 944-X. Don't make any changes to your record of federal tax liability reported on Form 944, line 13, or Form 945-A. 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 to your next return only if you ask us in writing to do so.

**Amount you owe.** If the amount entered on line 20 is a positive number, you must **pay** the amount you owe **by the time you file** Form 944-X. You may not use any credit that you show on another Form 944-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 944-X, don't file an amended Form 945-A unless you were assessed an FTD penalty caused by an incorrect, incomplete, or missing Form 945-A. Don't include the tax increase reported on Form 944-X on any amended Form 945-A you file.

If you owe tax and are filing a late Form 944-X, that is, after the due date of Form 944 for the year in which you discovered the error, you must file an amended Form 945-A with the Form 944-X. Otherwise, the IRS may assess an “averaged” FTD penalty. The total tax reported on Form 945-A, line M, must match the corrected tax (Form 944, line 9 (line 7 for years before 2017), combined with any correction reported on Form 944-X, line 18) for the year, less any previous abatements and interest-free tax assessments.

**Payment methods.** You may pay the amount you owe on line 20 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](https://www.eftps.gov), or call EFTPS Customer Service at 1-800-555-4477 or 1-800-733-4829 (TDD). Additional information about EFTPS is also available in Pub. 966.
- To pay by credit or debit card, go to [IRS.gov/PayByCard](https://www.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 944-X,” and year corrected. You don't have to pay if the amount you owe is less than \$1.

**Previously assessed FTD penalty.** If line 20 reflects overreported tax and the IRS previously assessed an FTD penalty, you may be able to reduce the penalty. For more information, see the Form 945-A instructions.

## Part 4: Explain Your Corrections for the Calendar Year You're Correcting

### 21. Correction of Both Underreported and Overreported Amounts

Check the box on line 21 if any correction you entered on lines 7–17 and 19a in column 3 reflects both underreported and overreported amounts.

**Example.** If you had an increase to social security wages of \$1,500 for Nathan Smith and a decrease to social security wages of \$500 for Leah Green, you would enter \$1,000 on line 8, column 3. That \$1,000 represents the net change from offsetting corrections.

On line 23, you must explain the reason for both the \$1,500 increase and the \$500 decrease.

### 22. Did You Reclassify Any Workers?

Check the box on line 22 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 23, give us a detailed reason why any worker was reclassified and, if you used section 3509 rates on lines 14–17 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 944 because you

mistakenly treated workers as independent contractors or as nonemployees, file a Form 944 for each delinquent year.

On each Form 944 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 9 (line 7 for years before 2017).
- Complete the signature area.
- Attach a completed Form 944-X (see instructions next).

On each Form 944-X, complete the following steps.

- Complete the top of Form 944-X, including the date you discovered the error.

- Enter the wage amounts on lines 14–17, column 1.
- Enter zeros on lines 14–17, column 2.
- Complete columns 3 and 4 as instructed in Part 3.
- Provide a detailed statement on line 23.
- 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 944 for each delinquent year. Write "**Misclassified Employees**" in bold letters across the top margin of page 1 of each Form 944. Complete Form 944 using the Instructions for Form 944. Attach a Form 944-X to each Form 944. Complete the top of Form 944-X, including the date you discovered the error, and provide a detailed explanation on line 23.*

## 23. Explain Your Corrections

Treasury regulations require you to explain in detail the grounds and facts relied upon to support each correction. On line 23, describe in detail each correction you entered in column 4 on lines 7–17 and 19a. Also use line 23 to describe in detail corrections made on line 19b. If you need more space, attach additional sheets, but be sure to write your name, EIN, "Form 944-X," and the calendar year 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," "administrative/payroll errors were discovered," or "taxes were not withheld" are insufficient and may delay processing your Form 944-X because the IRS may need to ask for a more complete explanation.

Provide the following information in your explanation of each correction.

- Form 944-X line number(s) affected.
- Date you discovered the error.
- Amount of the error.
- Cause of the error.

You may report the information in paragraph form. The following paragraph is an example.

"The \$100 difference shown in column 3 of lines 6, 8, and 10 was discovered on May 15, 2017, during an internal payroll audit. We discovered that we included \$100 of wages for one of our employees twice. This correction removes the reported wages that were never paid."

For corrections shown on lines 14-17, explain why the correction was necessary and attach any notice you received from the IRS.

## Part 5: Sign Here

You must complete all three pages of Form 944-X and sign it on page 3. If you don't sign, processing of Form 944-X will be delayed.

**Who must sign the Form 944-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 944-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 944-X 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/ar16.html](https://www.irs.gov/irb/2005-28_IRB/ar16.html).

## Paid Preparer Use Only

A paid preparer must sign Form 944-X and provide the information in the *Paid Preparer Use Only* section of Part 5 if the preparer was paid to prepare Form 944-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.

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## How Can You Get Forms, Instructions, and Publications From the IRS?

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You can download or print some of the forms and publications you may need on [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 forms mailed to you.

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**Paperwork Reduction Act Notice.** We ask for the information on Form 944-X 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 employment taxes, including federal income tax withholding, on wages. This form is used to determine the amount of taxes you owe. Section 6011 requires you to provide the requested information if the tax applies to you.

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.

The time needed to complete and file Form 944-X will vary depending on individual circumstances. The estimated average time is:

<b>Recordkeeping</b> . . . . .	17 hr., 27 min.
<b>Learning about the law or the form</b> . . . . .	45 min.
<b>Preparing and sending the form to the IRS</b> . . . . .	2 hr., 16 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making Form 944-X 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 944-X to this address. Instead, see [Where Should You File Form 944-X](#), earlier.

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