

Attention:

This form is not for general public use and should only be filed with an IRS compliance representative, when provided directly to the employer by the IRS.

Employer's Monthly Federal Tax Return

OMB No. 1545-0718

▶ **Do not file this form unless instructed to do so by the IRS.**

Return for (enter month and year) ▶

Name (as distinguished from trade name)	Employer identification number (EIN)
Trade name, if any	
Address (number and street)	City, state, and ZIP code

For IRS Use Only	
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Make any necessary changes to preprinted information.

1 For March Only: Number of employees (except household) employed in the pay period that includes March 12th ▶	1	
2 Total wages and tips, plus other compensation (see instructions)	2	
3 Total income tax withheld from wages, tips, and sick pay	3	
4 Adjustment of withheld income tax for preceding months of this calendar year	4	
5 Adjusted total of income tax withheld (line 3 as adjusted by line 4)	5	
6 Taxable social security wages.	6a	× 12.4% (.124) = 6b
Taxable social security tips.	6c	× 12.4% (.124) = 6d
7 Taxable Medicare wages and tips	7a	× 2.9% (.029) = 7b
8 Total social security and Medicare taxes (add lines 6b, 6d, and 7b)	8	
9 Adjustment of social security and Medicare taxes (see instructions)	9	
10 Adjusted total of social security and Medicare taxes (line 8 as adjusted by line 9)	10	
11 Total taxes (add lines 5 and 10)	11	
12 Advance earned income credit (EIC) payments made to employees (see instructions)	12	
13 Net taxes (subtract line 12 from line 11)	13	

14 Record of Federal Tax Liability and Deposits (See instructions on page 4.)

Tax Liability		Amount Deposited		Tax Liability		Amount Deposited		Tax Liability		Amount Deposited	
Overpayment from previous month ▶											
1		12		23							
2		13		24							
3		14		25							
4		15		26							
5		16		27							
6		17		28							
7		18		29							
8		19		30							
9		20		31							
10		21									
11		22									
a Total tax liability for the month (must equal line 13)				14a							
b Total deposits for the month (including overpayment from previous month)				14b							

15 Undeposited taxes due (subtract line 14b from line 14a). See instructions ▶

16 If line 14b is more than line 14a, enter overpayment here ▶ \$ and check if to be: Applied to next return or Refunded.

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.

Signature ▶ Print Your Name and Title ▶ Date ▶

Change To Note

Social security wage base for 2004. Stop withholding social security tax after an employee reaches **\$87,900** in taxable wages.

General Instructions

Section references are to the Internal Revenue Code.

Purpose of form. Use this form to report monthly: **(a)** income tax you withheld from wages, tips, distributions from **nonqualified** pension plans (including nongovernmental section 457(b) plans), supplemental unemployment compensation benefits, and third-party payments of sick pay; and **(b)** social security and Medicare taxes. If you report just one kind of tax, fill in only the lines that apply.

Note: This form is **not** for general public use and should **only** be filed directly with an IRS compliance representative.

Who must file. File Form 941-M if you are required to report income taxes withheld, social security taxes, and Medicare taxes on a monthly basis by an IRS compliance representative. The IRS may require monthly returns on this form and payments of tax from any employer who has not complied with the requirements for the filing of returns or the paying or depositing of taxes reported on quarterly returns. **Do not** file monthly returns unless you received written notification from the IRS to do so. A preaddressed return envelope and blank Form 941-M will be mailed to you before your first monthly return is due and for each month thereafter. If you no longer expect to pay amounts subject to tax reportable on Form 941-M, write "Final Return" at the top of your last return and attach an explanation of the reason that you are no longer liable.

When to file. Form 941-M for any month is due by the 15th day of the following month. 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.

Where to file. File Form 941-M, with any payment due, **using the preaddressed envelope** furnished to you. Keep the duplicate Form 941-M for your records.

Forms W-4. You are required to send to the IRS copies of any Forms W-4 received during the month from employees still employed by you at the end of the month claiming:

(a) more than 10 withholding allowances or **(b)** exemption from income tax withholding if their wages are expected to exceed \$200 a week. For details, see section 9 of **Circular E (Pub. 15)**, Employer's Tax Guide. Do not send any Forms W-4P or W-4S to the IRS.

Form W-5. Each eligible employee wishing to receive any advance earned income credit (EIC) payments must give you a completed **Form W-5**, Earned Income Credit Advance Payment Certificate. The employer's requirement to notify certain employees about the EIC can be met by giving each eligible employee **Notice 797**, Possible Federal Tax Refund Due to the Earned Income Credit (EIC). See section 10 of Circular E (Pub. 15) and **Pub. 596**, Earned Income Credit (EIC), for more information.

Form W-2. By January 31, furnish Forms W-2 to employees who worked for you during the

previous year. If an employee stops working for you before the end of the year, furnish Form W-2 to the employee any time after employment ends but no later than January 31 of the following year. However, if the employee asks you for Form W-2, furnish the completed form within 30 days after the request or the final wage payment, whichever is later. Send Copy A of all **Forms W-2**, Wage and Tax Statement, issued for the year with a **Form W-3**, Transmittal of Wage and Tax Statements, filed on paper, or reports filed on magnetic media, to the Social Security Administration (SSA) by the last day of February. If you file Forms W-2 electronically (not by magnetic media) file them with SSA by the last day of March.

Note: If you file a final return on Form 941-M, you are also required to furnish Form W-2 to your employees by the last day of the month in which the final Form 941-M is due. File Forms W-2 and W-3 with the Social Security Administration by the last day of the month following the month your final Form 941-M was due. See the **Instructions for Forms W-2 and W-3** for details.

Penalties and interest. There are penalties for filing a return late and paying or depositing taxes late, unless there is reasonable cause. If you file or pay late, attach an explanation to your return. There are also penalties for failure to: **(a)** furnish Forms W-2 to employees and file copies with the SSA and **(b)** deposit taxes when required. (Do not attach an explanation of why the return is late to Forms W-2 sent to the SSA.) In addition, there are penalties for willful failure to file returns and pay taxes when due and for filing false returns or submitting bad checks. Interest is charged on taxes paid late at the rate set by law. See Circular E (Pub. 15) for additional information.

Caution: A trust fund recovery penalty may apply if income, social security, and Medicare taxes that must be withheld are not withheld or are not paid. The penalty is the full amount of any unpaid trust fund tax. This penalty may apply to you if these unpaid taxes cannot 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, and paying over these taxes, and who acted willfully in not doing so.

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. A responsible person also may 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.

Related publications. Circular E (Pub. 15) explains the rules for withholding, paying, depositing, and reporting federal income tax, social security and Medicare taxes, and federal unemployment (FUTA) tax on wages. See **Pub. 15-A**, Employer's Supplemental Tax Guide, for information on sick pay paid by third-party payers. **Circular A (Pub. 51)**, Agricultural Employer's Tax Guide, explains rules for employers of farmworkers. These publications are available by calling 1-800-TAX-FORM (1-800-829-3676). See

Circular E (Pub. 15) for additional methods of obtaining forms and publications.

Reconciliation of Forms 941-M and W-3.

Certain amounts reported on the monthly Forms 941-M for the year should agree with the Form W-2 totals reported on Form W-3. **The amounts that should agree are:** income tax withholding, social security wages, social security tips, Medicare wages and tips, social security and Medicare taxes, and the advance earned income credit (EIC).

If the totals do not agree, the IRS may require you to explain the differences and correct any errors. See section 12 of Circular E (Pub. 15) for details.

Specific Instructions

Line 1—(March only) Number of employees. Do not include household employees, persons who received no pay during the pay period, pensioners, or members of the Armed Forces. An entry of 250 or more on line 1 indicates that you must file Forms W-2 electronically or on magnetic media. Call the SSA at 1-800-772-6270 or access the SSA website at www.socialsecurity.gov/employer for more information on electronic or magnetic media filing of Forms W-2.

Line 2—Total wages and tips, plus other compensation. Enter amounts on line 2 that would also be included in box 1 of your employees' Form W-2. See the **Instructions for Forms W-2 and W-3** for details.

If you get timely notice from your insurance carrier concerning the amount of third-party sick pay that it paid to your employees, include the sick pay on line 2.

Line 3—Total income tax withheld. Enter the total income tax that you withheld on wages, tips, taxable fringe benefits, sick pay, other compensation, and supplemental unemployment compensation benefits.

Line 4—Adjustment of withheld income tax. Use line 4 to correct errors in **income tax withheld** from wages paid in earlier months of **this calendar year** or to correct administrative errors. See section 13 of Circular E (Pub. 15) for more information. Consult your IRS compliance representative before claiming a credit or adjustment.

Line 6a—Taxable social security wages. Enter the total wages subject to social security taxes that you paid to your employees during the month. Also include any sick pay and taxable fringe benefits subject to social security taxes. Enter the amount before deductions. Do not include tips on this line. Stop reporting for any employee whose wages (including tips) reach \$87,900 for 2004. However, continue to withhold **income tax** for the whole year on wages and tips even when the limit of \$87,900 is reached. See the **Line 7a** instructions for Medicare tax.

Line 6c—Taxable social security tips. Enter all tips that your employees reported during the month until tips and wages for an employee reach \$87,900 in 2004. Do this even if you were not able to withhold the employee tax (6.2%). Report the uncollected employee's share of social security tax on line 9. Also see section 6 of Circular E (Pub. 15).

An employee must report to you cash tips, including tips you paid the employee for

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Trade name, if any	
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16 If line 14b is more than line 14a, enter overpayment here ▶ \$ and check if to be: Applied to next return or Refunded.

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.

Signature ▶ Print Your Name and Title ▶ Date ▶

charge customers, totaling \$20 or more in a month by the 10th day of the next month. The employee may use **Form 4070**, Employee's Report of Tips to Employer, or give you a written statement.

Do not include allocated tips on this line. Instead, report them on **Form 8027**, Employer's Annual Information Return of Tip Income and Allocated Tips. Allocated tips are not reportable on Form 941-M and are not subject to withholding of income, social security, or Medicare tax.

Line 7a—Taxable Medicare wages and tips. Report all wages and tips subject to Medicare tax. Also include any sick pay and taxable fringe benefits subject to Medicare tax. See section 5 in Circular E (Pub. 15) for information on types of wages subject to Medicare tax. If none of the payments are subject to Medicare tax, enter "-0-."

Include all tips that your employees reported during the month, even if you were not able to withhold the employee tax (1.45%). Report the uncollected employee's share of Medicare tax on line 9. Also see section 6 of Circular E (Pub. 15).

Line 9—Adjustment of social security and Medicare taxes.

Current period adjustments. In certain cases, amounts reported as social security and Medicare taxes on lines 6b, 6d, and 7b must be adjusted to arrive at your correct tax liability. See section 13 of Circular E (Pub. 15) for information on the following adjustments:

- Adjustment for the uncollected **employee share** of social security and Medicare taxes on tips.
- Adjustment for the **employee share** of social security and Medicare taxes on group-term life insurance premiums paid for former employees.
- Adjustment for the **employee share** of social security and Medicare taxes withheld by a third-party sick pay payer.
- Fractions of cents adjustment.

Prior period adjustments. Use line 9 to correct errors in **social security and Medicare** taxes reported on an earlier return. If you report both an underpayment and an overpayment, show only the net difference. Explain any prior period adjustments on an attached **Form 941c**, Supporting Statement To Correct Information.

Line 12—Advance earned income credit (EIC) payments made to employees. Enter advance EIC payments made to employees. Your eligible employees may elect to receive part of the EIC as an advance payment. Eligible employees who have a qualifying child must give you a completed Form W-5 stating that they qualify for the EIC. Once the employee gives you a signed and completed Form W-5, you must make the advance EIC payments. Advance EIC payments are generally made from withheld income tax and employee and employer social security and Medicare taxes. See section 10 of Circular E (Pub. 15) and Pub. 596 for more information on advance EIC payments and eligibility requirements.

If the amount of your advance EIC payments exceeds your total taxes (line 11) for the month, you may claim a refund of the overpayment or elect to have the credit applied to your return for the following month.

Provide a statement with your return identifying the amount of excess payment(s) and the pay period(s) in which it was paid. See section 10 of Circular E (Pub. 15).

Special deposit account. Do not make deposits using the Electronic Federal Tax Payment System (EFTPS) or **Form 8109**, Federal Tax Deposit Coupon, and do not complete line 14, Record of Federal Tax Liability and Deposits, if you are required to have a special deposit account under section 7512(b). If you have received, by hand delivery, **Form 2481**, Notice To Make Special Deposits of Taxes, you are required to deposit in a separate bank account any taxes collected or required by law to be collected. Your deposit must be made not later than the end of the **second banking day** after any taxes were required to be collected from your employees. The taxes deposited must be kept in the account until paid with any employer tax that may be due. The account must be designated as a special fund in trust for the United States, payable to the "United States Treasury" by you as trustee. For the definition of the term "bank," see Form 2481.

Federal tax deposits. If you are not required to have a special deposit account, in general, you must deposit your tax liabilities at an authorized financial institution with Form 8109 or by using EFTPS. For more information on the deposit rules and the electronic deposit requirements, see section 11 of Circular E (Pub. 15).

Line 14—Record of Federal Tax Liability and Deposits. If you are required to deposit taxes using the Federal Tax Deposit System, complete both columns of the record. In the tax liability column, include income tax withheld plus both the employer and employee shares of social security and Medicare taxes minus advance EIC payments (if any) for each day. Enter each tax liability in the numbered entry space corresponding to the date of payment (payday). Enter each deposit amount in the numbered entry space corresponding to the date of deposit.

Line 14a—Total tax liability for the month. The amount on this line must equal net taxes (line 13). Otherwise, you may be subject to a penalty for failure to make deposits of taxes.

Line 15—Undeposited taxes due. You do not have to pay if line 15 is under \$1.

Caution: *If you fail to make deposits as required and instead pay the taxes with Form 941-M, you may be subject to a penalty. (Make certain that the entity area above line 1 on Form 941-M is properly completed.)*

Line 16—Overpayment. If you deposited more than the correct amount for a month, you can have the overpayment refunded (applies only to March, June, September, and December Forms 941-M) or applied to your next return. Show any amount applied in the Record of Federal Tax Liability and Deposits on your next return. If line 16 is under \$1, we will send a refund or apply it to your next return only on written request.

Who Must Sign. Be sure to sign the return, print your name and title, and enter the date.

Form 941-M must be signed as follows:

- **Sole Proprietorship**—The individual owning the business.

- **Corporation** (including an LLC treated as a corporation)—The president, vice president, or other principal officer.

- **Partnership** (including an LLC treated as a partnership) or **unincorporated organization**—A responsible and duly authorized member or officer having knowledge of its affairs.

- **Single-member limited liability company (LLC) treated as a disregarded entity**—The owner of the limited liability company (LLC).

- **Trust or estate**—The fiduciary.

The return may also be signed by a duly authorized agent of the taxpayer if a valid power of attorney has been filed.

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. Subtitle C, Employment Taxes, of the Internal Revenue Code imposes employment taxes on wages, including income tax withholding. This form 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 employer identification number (EIN). If you fail to provide this information in a timely manner, you may be subject to penalties and interest. If you do not file this information, or provide incomplete or fraudulent information, you may be subject to penalties and/or criminal prosecution.

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 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, and the District of Columbia for use in administering their tax laws. We may also disclose this information to federal and state agencies to enforce federal nontax criminal laws and to combat terrorism.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 12 hr., 26 min.; **Learning about the law or the form**, 35 min.; **Preparing, copying, assembling, and sending the form to the IRS**, 49 min. If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Products Coordinating Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001.

Do not send Form 941-M to this address. Instead, use the preaddressed envelope furnished to you.

