

Instructions for Form 941-SS



Department of the Treasury
Internal Revenue Service

(Rev. December 2021)

For use with the June 2021 revision of Form 941-SS

Employer's QUARTERLY Federal Tax Return—American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands

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

Future Developments

For the latest information about developments related to Form 941-SS and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form941SS](https://www.irs.gov/Form941SS).

What's New

Early termination of the employee retention credit for most employers. The Infrastructure Investment and Jobs Act (Infrastructure Act) amends section 3134 of the Internal Revenue Code, as enacted under the American Rescue Plan Act of 2021 (the ARP), to limit the availability of the employee retention credit in the fourth quarter of 2021 to employers that are recovery startup businesses, as defined in section 3134(c)(5). Thus, for wages paid after September 30, 2021, and before January 1, 2022, only the wages paid by recovery startup businesses can be qualified wages as described in these instructions. See [Recovery startup business](#), later, for more information about a recovery startup business. For additional guidance on the employee retention credit provided under section 3134 in the fourth quarter of 2021, see Notice 2021-65, 2021-51 I.R.B. 880, available at [IRS.gov/irb/2021-51_IRB#NOT-2021-65](https://www.irs.gov/irb/2021-51_IRB#NOT-2021-65).

For the fourth quarter of 2021, you must check the box on [line 18b](#) if you're a recovery startup business claiming the employee retention credit. A third-party payer filing an aggregate Form 941-SS with an attached Schedule R must also check the box on [line 18b](#) for the fourth quarter of 2021 if it's a recovery startup business claiming the employee retention credit or it has any clients that are a recovery startup business claiming the employee retention credit.

Due to the termination of the employee retention credit for the fourth quarter of 2021 for employers that aren't recovery startup businesses, the IRS will no longer waive failure-to-deposit (FTD) penalties for employers that reduce deposits in anticipation of the employee retention credit after December 20, 2021, unless the employer is a recovery startup business. Some employers that are no longer eligible to claim the employee retention credit for the fourth quarter of 2021 may have already reduced their employment tax deposits in anticipation of claiming the employee retention credit for the fourth quarter of 2021. For deposits due on or before December 20, 2021, with respect to wages paid on or after October 1, 2021, an employer that isn't a recovery startup business won't be subject to an FTD penalty for the fourth quarter of 2021 if the employer:

- Reduced its deposits in anticipation of the employee retention credit, consistent with the rules provided by section 3.b. of Notice 2021-24, 2021-18 I.R.B. 1122, available at [IRS.gov/irb/2021-18_IRB#NOT-2021-24](https://www.irs.gov/irb/2021-18_IRB#NOT-2021-24);
- Deposits the amounts initially retained in anticipation of the employee retention credit on or before the due date of the

deposit for wages paid on December 31, 2021 (regardless of whether wages are actually paid on that date); and

- Reports the tax liability associated with the termination of the employer's employee retention credit on Form 941-SS, line 16, month 3, or, if a semiweekly schedule depositor, on Schedule B (Form 941) for the applicable day or days in December (month 3) for the fourth quarter of 2021. For more information, see the [line 16](#) instructions, later.

Some employers that are no longer eligible to claim the employee retention credit for the fourth quarter of 2021 may have already submitted Form 7200 to request an advance payment of the employee retention credit for the fourth quarter of 2021. If the Form 7200 hasn't been processed, the IRS will use the employer's indication of whether it is a recovery startup business (Form 7200, Part 1, line H) as part of the determination regarding whether the Form 7200 claiming the employee retention credit in the fourth quarter of 2021 should be accepted or rejected. A refund or credit of any portion of the employee retention credit to a taxpayer in excess of the amount to which the taxpayer is entitled is an erroneous refund that the employer must repay, regardless of whether the refund or credit is advanced. Accordingly, if an employer requested and received an advance payment of the employee retention credit for the fourth calendar quarter of 2021, and the employer isn't a recovery startup business, the employer isn't eligible for an employee retention credit and must repay the amount of the advance. Employers who need to repay excess advance payments of the employee retention credit must do so by January 31, 2022, by including the advance payment on Form 941-SS, Part 1, [line 13h](#), for the fourth quarter of 2021 and paying any balance due by January 31, 2022.

Reminders



Don't use an earlier revision of Form 941-SS to report taxes for 2021. Use the March 2021 revision of Form 941-SS only to report taxes for the quarter ending March 31, 2021. The June 2021 revision of Form 941-SS should be used for the second, third, and fourth quarters of 2021. If changes in law require additional changes to Form 941-SS, the form and/or these instructions may be revised. Prior revisions of Form 941-SS are available at [IRS.gov/Form941SS](https://www.irs.gov/Form941SS) (select the link for "All Form 941-SS Revisions" under "Other Items You May Find Useful").

The COVID-19 related credit for qualified sick and family leave wages has been extended and amended. The ARP adds new sections 3131, 3132, and 3133 to the Internal Revenue Code to provide credits for qualified sick and family leave wages similar to the credits that were previously enacted under the Families First Coronavirus Response Act (FFCRA) and amended and extended by the COVID-related Tax Relief Act of 2020. The credits under sections 3131 and 3132 are available for qualified leave wages paid for leave

taken after March 31, 2021, and before October 1, 2021. Below are the major changes made under the ARP.

- The ARP keeps the daily wage thresholds that previously existed. The aggregate cap on qualified sick leave wages remains at 80 hours (10 days), but the limitation on the number of days resets with respect to leave taken by employees beginning on April 1, 2021. The aggregate cap on qualified family leave wages increases to \$12,000 from the previous cap of \$10,000, and the aggregate cap resets with respect to leave taken by employees beginning on April 1, 2021.
- The ARP also created a new category of leave under the Emergency Paid Sick Leave Act (EPSLA) and the Expanded Family and Medical Leave Act (Expanded FMLA) to include the time the employee is seeking or awaiting the results of a diagnostic test for, or a medical diagnosis of, COVID-19 (and the employee has been exposed to COVID-19 or the employee's employer has requested such test or diagnosis), or the employee is obtaining immunizations related to COVID-19 or recovering from an injury, disability, illness, or condition related to such immunization. Additionally, employers may provide employees with paid family leave if the employee is unable to work due to any of the conditions for which eligible employers may provide paid sick leave under the EPSLA.
- The credits are still increased by the qualified health plan expenses allocable to the qualified sick and family leave wages, but the credits are now also increased, subject to the qualified leave wage limitations, by certain amounts paid under collective bargaining agreements that are properly allocable to the qualified leave wages. The collectively bargained contributions paid by an eligible employer that are eligible for the credit are collectively bargained defined benefit pension plan contributions and collectively bargained apprenticeship program contributions that are properly allocable to qualified leave wages.
- Under section 3133, the credits are increased by the amount of the employer share of social security tax and Medicare tax on the qualified sick and family leave wages.
- Governmental employers (except for the federal government and its agencies and instrumentalities unless described in section 501(c)(1)) may now claim the credits.
- Generally, the same wages can't be used as both qualified sick leave wages and qualified family leave wages. Additionally, you may not benefit from both the credit for qualified sick and family leave wages and the employee retention credit with respect to the same wages. The credit for qualified sick leave wages and qualified family leave wages doesn't apply to wages taken into account as payroll costs for a Small Business Interruption Loan under the Paycheck Protection Program (PPP) that is forgiven or in connection with shuttered operator grants and restaurant revitalization grants.
- The credit for qualified sick and family leave wages isn't allowed in a quarter in which the employer provides the leave in a manner that discriminates in favor of highly compensated employees, full-time employees, or employees on the basis of employment tenure. See [Highly compensated employee](#), later, for the definition.

How you report qualified sick and family leave wages and the credit for qualified sick and family leave wages has changed. Taxable qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021, are included on line 5a and taxed at 12.4% for social security tax purposes. However, if you're reporting any qualified sick and family leave wages for leave taken before

April 1, 2021, these wages are reported on lines 5a(i) and 5a(ii), respectively, and taxed at 6.2% for social security tax purposes. For leave taken before April 1, 2021, the credit for qualified sick and family leave wages is reported on line 11b (nonrefundable portion) and, if applicable, line 13c (refundable portion). For leave taken after March 31, 2021, and before October 1, 2021, the credit for qualified sick and family leave wages is reported on line 11d (nonrefundable portion) and, if applicable, line 13e (refundable portion); and the nonrefundable portion of the credit is against the employer share of Medicare tax. For more information, see the instructions for [line 11b](#), [line 11d](#), [line 13c](#), and [line 13e](#), later.

Use [Worksheet 1](#) to figure the credit for leave taken before April 1, 2021. Use [Worksheet 3](#) to figure the credit for leave taken after March 31, 2021, and before October 1, 2021. For more information about the credit for qualified sick and family leave wages, go to [IRS.gov/PLC](#).

The COVID-19 related employee retention credit has been extended and amended. The ARP adds new section 3134 to the Internal Revenue Code to provide an employee retention credit similar to the credit that was previously enacted under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and amended and extended by the Taxpayer Certainty and Disaster Tax Relief Act of 2020. The following changes under the ARP begin July 1, 2021, and are applicable for only the third and fourth quarters of 2021.

- The ARP creates a new category of an eligible employer called a recovery startup business. For more information, see [Recovery startup business](#), later.
- Qualified wages for the employee retention credit under section 3134 don't include wages taken into account for credits under sections 41, 45A, 45P, 45S, 51, 1396, 3131, and 3132. Additionally, qualified wages for the employee retention credit can't include amounts used as payroll costs for a Small Business Interruption Loan under the PPP that is forgiven or amounts used as payroll costs for shuttered operator grants and restaurant revitalization grants.

For wages paid before July 1, 2021, the nonrefundable portion of the employee retention credit is against the employer share of social security tax. However, for wages paid after June 30, 2021, the nonrefundable portion of the employee retention credit is against the employer share of Medicare tax. The nonrefundable portion of the credit is still claimed on line 11c and, if applicable, the refundable portion of the credit is still claimed on line 13d. For more information, see the instructions for [line 11c](#) and [line 13d](#), later. Use [Worksheet 2](#) to figure the credit for wages paid before July 1, 2021 (second quarter). Use [Worksheet 4](#) to figure the credit for wages paid after June 30, 2021, and before January 1, 2022 (third and fourth quarters).

See Notice 2021-23, 2021-16 I.R.B. 1113, available at [IRS.gov/irb/2021-16_IRB#NOT-2021-23](#), for guidance on the employee retention credit provided under section 2301 of the CARES Act, as amended by section 207 of the Taxpayer Certainty and Disaster Tax Relief Act of 2020, for qualified wages paid after December 31, 2020, and before July 1, 2021. See Notice 2021-49, 2021-34 I.R.B. 316, available at [IRS.gov/irb/2021-34_IRB#NOT-2021-49](#), for guidance on the employee retention credit provided under the ARP for wages paid after June 30, 2021, and before January 1, 2022. Notice 2021-49 also discusses miscellaneous issues that apply to all of 2021. See [Notice 2021-65](#) for modifications to Notice 2021-49 under the Infrastructure Act. See [Early termination of the employee retention credit for most employers](#) under

What's New, earlier, for more information regarding the employee retention credit in the fourth quarter of 2021.

New credit for COBRA premium assistance payments.

Section 9501 of the ARP provides for COBRA premium assistance in the form of a full reduction in the premium otherwise payable by certain individuals and their families who elect COBRA continuation coverage due to a loss of coverage as the result of a reduction in hours or an involuntary termination of employment (assistance eligible individuals). This COBRA premium assistance is available for periods of coverage beginning on or after April 1, 2021, through periods of coverage beginning on or before September 30, 2021. However, the COBRA premium assistance credit could be claimed on employment tax returns for the second, third, or fourth quarter of 2021, depending on when the employer (or other person) becomes entitled to the credit. Some multiemployer plans and insurers don't normally file an employment tax return but will need to file one if they want to claim the COBRA premium assistance credit.

Section 9501(b) of the ARP adds new section 6432 to the Internal Revenue Code that allows a credit (COBRA premium assistance credit) against the employer share of Medicare tax for each calendar quarter in an amount equal to the premiums not paid by assistance eligible individuals for COBRA continuation coverage by reason of section 9501(a) (1) of the ARP. The nonrefundable portion of the credit is reported on line 11e and, if applicable, the refundable portion of the credit is reported on line 13f. If you claim this credit, you must also report the number of individuals provided COBRA premium assistance on line 11f. Use [Worksheet 5](#) to figure the credit. For more information, see the instructions for [line 11e](#), [line 11f](#), and [line 13f](#), later. For more information on COBRA premium assistance payments and the credit, see Notice 2021-31, 2021-23 I.R.B. 1173, available at [IRS.gov/irb/2021-23_IRB#NOT-2021-31](#).

Advance payment of COVID-19 credits extended. Based on the extensions of the credit for qualified sick and family leave wages and the employee retention credit, and the new credit for COBRA premium assistance payments, discussed above, Form 7200, Advance Payment of Employer Credits Due to COVID-19, may be filed to request an advance payment. For more information, including information on which employers are eligible to request an advance payment, the deadlines for requesting an advance, and the amount that can be advanced, see the Instructions for Form 7200. See [Early termination of the employee retention credit for most employers](#) under *What's New*, earlier, if you received an advance payment of the employee retention credit for the fourth quarter but you're not a recovery startup business.

Social security and Medicare tax for 2021. The rate of social security tax on taxable wages, including qualified sick leave wages and qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021, is 6.2% each for the employer and employee or 12.4% for both. Qualified sick leave wages and qualified family leave wages for leave taken before April 1, 2021, aren't subject to the employer share of social security tax; therefore, the tax rate on these wages is 6.2%. The social security wage base limit is \$142,800.

The Medicare tax rate is 1.45% each for the employee and employer, unchanged from 2020. There is no wage base limit for Medicare tax.

Social security and Medicare taxes apply to the wages of household workers you pay \$2,300 or more in cash wages in 2021. Social security and Medicare taxes apply to election workers who are paid \$2,000 or more in cash or an equivalent form of compensation in 2021.

New payroll tax credit for certain tax-exempt organizations affected by qualified disasters. Section 303(d) of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 allows for a new payroll tax credit for certain tax-exempt organizations affected by certain qualified disasters **not** related to COVID-19. This new credit will be claimed on new Form 5884-D (not on Form 941-SS). Form 5884-D is filed after the Form 941-SS for the quarter for which the credit is being claimed has been filed. If you will claim this credit on Form 5884-D for a calendar quarter of 2021 and you're also claiming a credit for qualified sick and family leave wages for leave taken before April 1, 2021, and/or the employee retention credit in the second quarter of 2021, you must include any credit that will be claimed on Form 5884-D on [Worksheet 1](#) and/or [Worksheet 2](#), respectively, for that quarter. For more information about this credit, go to [IRS.gov/Form5884D](#).

Deferral of the employer share of social security tax expired. The CARES Act allowed employers to defer the deposit and payment of the employer share of social security tax. The deferred amount of the employer share of social security tax was only available for deposits due on or after March 27, 2020, and before January 1, 2021, as well as deposits and payments due after January 1, 2021, that are required for wages paid on or after March 27, 2020, and before January 1, 2021. One-half of the employer share of social security tax is due by December 31, 2021, and the remainder is due by December 31, 2022. Because both December 31, 2021, and December 31, 2022, are nonbusiness days, payments made on the next business day will be considered timely. Any payments or deposits you make before December 31, 2021, are first applied against your payment due on December 31, 2021, and then applied against your payment due on December 31, 2022. For more information about the deferral of employment tax deposits, go to [IRS.gov/ETD](#). See [Paying the deferred amount of the employer share of social security tax](#) and [How to pay the deferred amount of the employer and employee share of social security tax](#), later, for information about paying the deferred amount of the employer share of social security tax.

Deferral of the employee share of social security tax expired. The Presidential Memorandum on Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster, issued on August 8, 2020, directed the Secretary of the Treasury to defer the withholding, deposit, and payment of the employee share of social security tax on wages paid during the period from September 1, 2020, through December 31, 2020. The deferral of the withholding and payment of the employee share of social security tax was available for employees whose social security wages paid for a biweekly pay period were less than \$4,000, or the equivalent threshold amount for other pay periods. The COVID-related Tax Relief Act of 2020 defers the due date for the withholding and payment of the employee share of social security tax until the period beginning on January 1, 2021, and ending on December 31, 2021. For more information about the deferral of employee social security tax, see Notice 2020-65, 2020-38 I.R.B. 567, available at [IRS.gov/irb/2020-38_IRB#NOT-2020-65](#); and Notice 2021-11, 2021-06 I.R.B. 827, available at [IRS.gov/irb/](#)

[2021-06 IRB#NOT-2021-11](#). Also see [Paying the deferred amount of the employee share of social security tax](#) and [How to pay the deferred amount of the employer and employee share of social security tax](#), later, for information about paying the deferred amount of the employee share of social security tax. For information about how to report the deferred amount of the employee share of social security tax on Forms W-2AS, W-2CM, W-2GU, and W-2VI, and Form W-2c for 2020, see [IRS.gov/FormW2](#) and the 2021 General Instructions for Forms W-2 and W-3.

Paying the deferred amount of the employer share of social security tax. One-half of the employer share of social security tax is due by December 31, 2021, and the remainder is due by December 31, 2022. Because both December 31, 2021, and December 31, 2022, are nonbusiness days, payments made on the next business day will be considered timely. Any payments or deposits you make before December 31, 2021, are first applied against your payment due on December 31, 2021, and then applied against your payment due on December 31, 2022. For example, if your employer share of social security tax for the third quarter of 2020 was \$20,000 and you deposited \$5,000 of the \$20,000 during the third quarter of 2020 and you deferred \$15,000 on Form 941-SS, line 13b, then you must pay \$5,000 by December 31, 2021, and \$10,000 by December 31, 2022. However, if your employer share of social security tax for the third quarter of 2020 was \$20,000 and you deposited \$15,000 of the \$20,000 during the third quarter of 2020 and you deferred \$5,000 on Form 941-SS, line 13b, then you don't need to pay any deferred amount by December 31, 2021, because 50% of the amount that could have been deferred (\$10,000) has already been paid and is first applied against your payment that would be due on December 31, 2021. Accordingly, you must pay the \$5,000 deferral by December 31, 2022. Payment of the deferral isn't reported on Form 941-SS. For additional information, go to [IRS.gov/ETD](#).

Paying the deferred amount of the employee share of social security tax. The due date for the withholding and payment of the employee share of social security tax is postponed until the period beginning on January 1, 2021, and ending on December 31, 2021. The employer must withhold and pay the total deferred employee share of social security tax ratably from wages paid to the employee between January 1, 2021, and December 31, 2021. If necessary, the employer may make arrangements to otherwise collect the total deferred taxes from the employee. The employer is liable to pay the deferred taxes to the IRS and must do so before January 1, 2022, to avoid interest, penalties, and additions to tax on those amounts. Because January 1, 2022, is a nonbusiness day, payments made on January 3, 2022, will be considered timely. Payment of the deferral isn't reported on Form 941-SS. For more information about the deferral of the employee share of social security tax, see [Notice 2020-65](#) and [Notice 2021-11](#).

How to pay the deferred amount of the employer and employee share of social security tax. You may pay the amount you owe electronically using the Electronic Federal Tax Payment System (EFTPS), by credit or debit card, or by a check or money order. The preferred method of payment is EFTPS. For more information, go to [EFTPS.gov](#), or call 800-555-4477 or 800-733-4829 (TDD). To pay the deferred amount using EFTPS, select Form 941-SS, the calendar quarter in 2020 to which the payment relates, and the option to pay the deferred amount.

To pay by credit or debit card, go to [IRS.gov/PayByCard](#). If you pay by check or money order, include a 2020 Form 941-V(SS), Payment Voucher, for the quarter in which you originally deferred the deposit and payment. Darken the circle identifying the quarter for which the payment is being made. The 2020 Form 941-V(SS) is on page 5 of Form 941-SS and is available at [IRS.gov/Form941SS](#) (select the link for "All Form 941-SS Revisions" under "Other Items You May Find Useful"). Make the check or money order payable to "United States Treasury." Enter your EIN, "Form 941-SS," and the calendar quarter in which you originally deferred the deposit and payment (for example, "2nd Quarter 2020").

Payments should be sent to:

Department of the Treasury
Internal Revenue Service
Ogden, UT 84201-0030

or
Department of the Treasury
Internal Revenue Service
Kansas City, MO
64999-0030

Send your payment to the address above that is in the same state as the address to which you would mail returns filed without a payment, as shown under [Where Should You File](#), later. For more information about the deferral of social security tax, go to [IRS.gov/ETD](#) and see [Notice 2020-65](#) and [Notice 2021-11](#).

Qualified small business payroll tax credit for increasing research activities. For tax years beginning after 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 share of social security tax. The payroll tax credit election must be made on or before the due date of the originally filed income tax return (including extensions). The portion of the credit used against the employer 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 election and determination of the credit amount that will be used against the employer share of social security tax are made on Form 6765, Credit for Increasing Research Activities. The amount from Form 6765, line 44, must then be reported on Form 8974, Qualified Small Business Payroll Tax Credit for Increasing Research Activities. Form 8974 is used to determine the amount of the credit that can be used in the current quarter. The amount from Form 8974, line 12, is reported on Form 941-SS, line 11a. If you're claiming the research payroll tax credit on your Form 941-SS, you must attach Form 8974 to that Form 941-SS. For more information about the payroll tax credit, see Notice 2017-23, 2017-16 I.R.B. 1100, available at [IRS.gov/irb/2017-16 IRB#NOT-2017-23](#); and [IRS.gov/ResearchPayrollTC](#). Also see [Adjusting tax liability for nonrefundable credits claimed on lines 11a, 11b, 11c, 11d, and 11e](#), later.

Certification program for professional employer organizations (PEOs). The Stephen Beck, Jr., ABLE Act of 2014 required the IRS to establish a voluntary certification program for PEOs. PEOs handle various payroll administration and tax reporting responsibilities for their business clients and are typically paid a fee based on payroll costs. To become and remain certified under the certification program, certified professional employer organizations (CPEOs) must meet various requirements described in sections 3511 and 7705 and related published guidance. Certification as a CPEO may affect the employment tax liabilities of both the CPEO

and its customers. A CPEO is generally treated for employment tax purposes as the employer of any individual who performs services for a customer of the CPEO and is covered by a contract described in section 7705(e)(2) between the CPEO and the customer (CPEO contract), but only for wages and other compensation paid to the individual by the CPEO. To become a CPEO, the organization must apply through the IRS Online Registration System. For more information or to apply to become a CPEO, go to [IRS.gov/CPEO](https://www.irs.gov/CPEO).

CPEOs must generally file Form 941-SS and Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers, electronically. For more information about a CPEO's requirement to file electronically, see Rev. Proc. 2017-14, 2017-3 I.R.B. 426, available at [IRS.gov/irb/2017-03_IRB#RP-2017-14](https://www.irs.gov/irb/2017-03_IRB#RP-2017-14).

Outsourcing payroll duties. Generally, as an employer, you're responsible to ensure that tax returns are filed and deposits and payments are made, even if you contract with a third party to perform these acts. You remain responsible if the third party fails to perform any required action. Before you choose to outsource any of your payroll and related tax duties (that is, withholding, reporting, and paying over social security, Medicare, FUTA, and income taxes) to a third-party payer, such as a payroll service provider or reporting agent, go to [IRS.gov/OutsourcingPayrollDuties](https://www.irs.gov/OutsourcingPayrollDuties) for helpful information on this topic. If a CPEO pays wages and other compensation to an individual performing services for you, and the services are covered by a contract described in section 7705(e)(2) between you and the CPEO (CPEO contract), then the CPEO is generally treated for employment tax purposes as the employer, but only for wages and other compensation paid to the individual by the CPEO. However, with respect to certain employees covered by a CPEO contract, you may also be treated as an employer of the employees and, consequently, may also be liable for federal employment taxes imposed on wages and other compensation paid by the CPEO to such employees. For more information on the different types of third-party payer arrangements, see section 16 of Pub. 15.

COVID-19 employment tax credits when return filed by a third-party payer. If you're the common-law employer of the individuals that are paid qualified sick or family leave wages, paid wages qualifying for the employee retention credit, and/or provided COBRA premium assistance, you're entitled to the credit for the sick and family leave wages, the employee retention credit, and/or the COBRA premium assistance credit, regardless of whether you use a third-party payer (such as a PEO, CPEO, or section 3504 agent) to report and pay your federal employment taxes. The third-party payer isn't entitled to the credits with respect to the wages and taxes it remits on your behalf, or the COBRA premium assistance it remits on your behalf (regardless of whether the third party is considered an "employer" for other purposes). With respect to the COBRA premium assistance credit, the preceding sentences assume the common-law employer is the person to whom premiums are payable for purposes of the credit. If the insurer or multiemployer plan is the person to whom premiums are payable, the references to employer in this paragraph should be read to refer to the insurer or multiemployer plan, as applicable.

Under an exception to the rule that only the common-law employer is entitled to the COBRA premium assistance credit even if the common-law employer uses a third-party payer, a third-party payer is entitled to the credit if it is treated as the

person to whom premiums are payable. A third-party payer is treated as the person to whom premiums are payable if the third-party payer is the entity that pays wages subject to federal employment taxes on behalf of the common-law employer and reports those wages and taxes on an aggregate Form 941-SS that it files on behalf of the employer, and it:

- Maintains the group health plan;
- Is considered the sponsor of the group health plan and is subject to the applicable Department of Labor (DOL) COBRA guidance, including providing the COBRA election notices to qualified beneficiaries; and
- Would have received the COBRA premium payments directly from the assistance eligible individuals were it not for the COBRA premium assistance.

If a third-party payer satisfies the above conditions, the third-party payer's clients aren't eligible for the COBRA premium assistance credit or an advance payment of the COBRA premium assistance credit. Third-party payers that are considered the person to whom premiums are payable may, in anticipation of receiving the COBRA premium assistance credit, reduce the deposits of federal employment taxes relating to their own employees (that is, those employees for whom they are filing as the common-law employer, rather than as a third-party payer) on the day they become eligible for the credit. If the anticipated credit exceeds the available reduction of these deposits, the third-party payer may file Form 7200 to request an advance after the payroll period in which the third-party payer becomes entitled to the credit.

Aggregate Form 941-SS filers. Approved section 3504 agents and CPEOs must complete and file Schedule R (Form 941) when filing an aggregate Form 941-SS. Aggregate Forms 941-SS are filed by agents approved by the IRS under section 3504. To request approval to act as an agent for an employer, the agent files Form 2678 with the IRS unless you're a state or local government agency acting as an agent under the special procedures provided in Rev. Proc. 2013-39, 2013-52 I.R.B. 830, available at [IRS.gov/irb/2013-52_IRB#RP-2013-39](https://www.irs.gov/irb/2013-52_IRB#RP-2013-39). Aggregate Forms 941-SS are also filed by CPEOs approved by the IRS under section 7705. To become a CPEO, the organization must apply through the IRS Online Registration System at [IRS.gov/CPEO](https://www.irs.gov/CPEO). CPEOs file Form 8973, Certified Professional Employer Organization/Customer Reporting Agreement, to notify the IRS that they started or ended a service contract with a customer. CPEOs must generally file Form 941-SS and Schedule R (Form 941) electronically. For more information about a CPEO's requirement to file electronically, see Rev. Proc. 2017-14, 2017-3 I.R.B. 426, available at [IRS.gov/irb/2017-03_IRB#RP-2017-14](https://www.irs.gov/irb/2017-03_IRB#RP-2017-14).

Other third-party payers that file aggregate Forms 941-SS, such as non-certified PEOs, must complete and file Schedule R (Form 941) if they have clients that are claiming the qualified small business payroll tax credit for increasing research activities, the credit for qualified sick and family leave wages, the employee retention credit, and/or the COBRA premium assistance credit.

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

the applicable quarter and issue Forms W-2 reporting the wages each entity paid to the employee during the year.

If a third-party payer of sick pay is also paying qualified sick leave wages on behalf of an employer, the third party would be making the payments as an agent of the employer. The employer is required to do the reporting and payment of employment taxes with respect to the qualified sick leave wages and claim the credit for the qualified sick leave wages, unless the employer has an agency agreement with the third-party payer that requires the third-party payer to do the collecting, reporting, and/or paying or depositing employment taxes on the qualified sick leave wages. If the employer has an agency agreement with the third-party payer, the third-party payer includes the qualified sick leave wages on the third party's aggregate Form 941-SS, claims the sick leave credit on behalf of the employer on the aggregate Form 941-SS, and separately reports the credit allocable to the employers on Schedule R (Form 941). See section 6 of Pub. 15-A, Employer's Supplemental Tax Guide, for more information about sick pay reporting.

If a third-party payer is considered the person to whom COBRA premiums are payable, as discussed earlier under [COVID-19 employment tax credits when return filed by a third-party payer](#), the third party must include the applicable credit amount on Schedule R (Form 941), page 1, column o, line 8, with amounts reported for the third-party payer's employees.

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

Correcting a previously filed Form 941-SS. If you discover an error on a previously filed Form 941-SS or if you otherwise need to amend a previously filed Form 941-SS, make the correction using Form 941-X. Form 941-X is filed separately from Form 941-SS. For more information, see the Instructions for Form 941-X, section 9 of Pub. 80, or go to [IRS.gov/CorrectingEmploymentTaxes](#).

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

For more information on making federal tax deposits, see section 8 of Pub. 80. To get more information about EFTPS or to enroll in EFTPS, go to [EFTPS.gov](#), or call one of the following numbers.

- 800-555-4477 (toll free; for use by U.S. Virgin Islands only).
- 800-733-4829 (TDD).
- 800-244-4829 (Spanish).
- 303-967-5916 (toll call).

Additional information about EFTPS is also available in Pub. 966.



For an EFTPS deposit to be on time, you must submit the deposit by 8 p.m. Eastern time the day before the date the deposit is due.

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

Timeliness of federal tax deposits. If a deposit is required to be made on a day that isn't a business day, the deposit is considered timely if it is made by the close of the next business day. A business day is any day other than a Saturday, Sunday, or legal holiday. The term "legal holiday" for deposit purposes includes only those legal holidays in the District of Columbia. Legal holidays in the District of Columbia are provided in section 8 of Pub. 80.

Electronic filing and payment. Businesses can enjoy the benefits of filing tax returns and paying their federal taxes electronically. Whether you rely on a tax professional or handle your own taxes, the IRS offers you convenient programs to make filing and paying easier. Spend less time worrying about taxes and more time running your business. Use e-file and EFTPS to your benefit.

- For e-file, go to [IRS.gov/EmploymentEfile](#) for additional information. A fee may be charged to file electronically.
- For EFTPS, go to [EFTPS.gov](#), or call one of the numbers provided under [Federal tax deposits must be made by electronic funds transfer \(EFT\)](#), earlier.
- For electronic filing of Forms W-2AS, W-2CM, W-2GU, and W-2VI, go to [SSA.gov/employer](#). You may be required to file Forms W-2 electronically. For details, see the General Instructions for Forms W-2 and W-3.



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

Electronic funds withdrawal (EFW). If you file Form 941-SS electronically, you can e-file and use EFW to pay the balance due in a single step using tax preparation software or through a tax professional. However, don't use EFW to make federal tax deposits. For more information on paying your taxes using EFW, go to [IRS.gov/EFW](#).

Credit or debit card payments. You can pay the balance due shown on Form 941-SS by credit or debit card. Your payment will be processed by a payment processor who will charge a processing fee. Don't use a credit or debit card to make federal tax deposits. For more information on paying your taxes with a credit or debit card, go to [IRS.gov/PayByCard](#).

Online payment agreement. You may be eligible to apply for an installment agreement online if you can't pay the full

amount of tax you owe when you file your return. For more information, see [What if you can't pay in full](#), later.

Paid preparers. If you use a paid preparer to complete Form 941-SS, the paid preparer must complete and sign the paid preparer's section of the form.

Where can you get telephone help? For answers to your questions about completing Form 941-SS or tax deposit rules, call the IRS at one of the numbers listed below.

- 800-829-4933 (toll free; for use by U.S. Virgin Islands only) or 800-829-4059 (TDD/TTY for persons who are deaf, hard of hearing, or have a speech disability), Monday–Friday from 7:00 a.m. to 7:00 p.m. local time.
- 267-941-1000 (toll call), Monday–Friday from 6:00 a.m. to 11:00 p.m. Eastern time.

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

General Instructions:

Purpose of Form 941-SS

Use Form 941-SS to report social security and Medicare taxes for workers in American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands.

Pub. 80 explains the requirements for withholding, depositing, and paying social security and Medicare taxes. It explains the forms you must give your employees, those your employees must give you, and those you must send to the IRS. See Pub. 15-A for specialized employment tax information supplementing the basic information provided in Pub. 80.

Federal law requires you, as an employer, to withhold certain taxes from your employees' pay. Each time you pay wages, you must withhold—or take out of your employees' pay—certain amounts for social security tax and Medicare tax. You must also withhold Additional Medicare Tax from wages you pay to an employee in excess of \$200,000 in a calendar year. Under the withholding system, taxes withheld from your employees are credited to your employees in payment of their tax liabilities.

Federal law also requires you to pay any liability for the employer share of social security and Medicare taxes. This share of social security and Medicare taxes isn't withheld from employees.

Who Must File Form 941-SS?

Generally, you must file a return for the first quarter in which you pay wages subject to social security and Medicare taxes, and for each quarter thereafter until you file a final return. Use Form 941-SS if your principal place of business is in American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, or the U.S. Virgin Islands, or if you have employees who are subject to income tax withholding for these jurisdictions.

Use Form 941-SS to report the following amounts.

- Wages you've paid.
- Tips your employees reported to you.

- Both the employer and the employee share of social security and Medicare taxes.
- Additional Medicare Tax withheld from employees.
- Current quarter's adjustments to social security and Medicare taxes for fractions of cents, sick pay, tips, and group-term life insurance.
- Qualified small business payroll tax credit for increasing research activities.
- Credit for qualified sick and family leave wages.
- Employee retention credit.
- Credit for COBRA premium assistance payments.
- Total advances received from filing Form(s) 7200 for the quarter.

Don't use Form 941-SS if you have both employees who are subject to U.S. income tax withholding and employees who aren't subject to U.S. income tax withholding. Instead, you must file only Form 941 (or Form 944) and include all of your employees' wages on that form.

Don't use Form 941-SS to report backup withholding or income tax withholding on nonpayroll payments such as pensions, annuities, and gambling winnings. Report these types of withholding on Form 945, Annual Return of Withheld Federal Income Tax. Also, don't use Form 941-SS to report unemployment taxes. Report unemployment taxes (U.S. Virgin Islands employers only) on Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return.

After you file your first Form 941-SS, you must file a return each quarter, even if you have no taxes to report, unless you filed a final return or one of the exceptions listed next applies.

Exceptions

Special rules apply to some employers.

- If you received notification to file **Form 944**, you must file Form 944 annually; don't file Form 941-SS quarterly.
- **Seasonal employers** don't have to file a Form 941-SS for quarters in which they have no tax liability because they have paid no wages. To tell the IRS that you won't file a return for one or more quarters during the year, check the box on line 18a every quarter you file Form 941-SS. The IRS generally won't inquire about unfiled returns if at least one taxable return is filed each year. However, you must check the box on line 18a on every quarterly return you file. Otherwise, the IRS will expect a return to be filed for each quarter.
- Employers of **household employees** don't usually file Form 941-SS. See Pub. 80, Pub. 926, and Schedule H (Form 1040) for more information.
- Employers of **farm employees** don't file Form 941-SS for wages paid for agricultural labor. See Form 943 and Pub. 51 for more information.



If none of these exceptions apply and you haven't filed a final return, you must file Form 941-SS each quarter even if you didn't pay wages during the quarter. Use IRS e-file, if possible.

Requesting To File Forms 941-SS Instead of Form 944, or Requesting To File Form 944 Instead of Forms 941-SS

Requesting to file Forms 941-SS instead of Form 944. Employers in American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands that would otherwise be required to file Form 944, Employer's ANNUAL Federal Tax Return, may contact the IRS to request

to file quarterly Forms 941-SS instead of annual Form 944. To request to file quarterly Forms 941-SS to report your social security and Medicare taxes for the 2021 calendar year, you must either call the IRS at 800-829-4933 toll free (U.S. Virgin Islands only) or 267-941-1000 (toll call) between January 1, 2021, and April 1, 2021, or send a written request postmarked between January 1, 2021, and March 15, 2021. After you contact the IRS, the IRS will send you a written notice that your filing requirement has been changed to Forms 941-SS. You must receive written notice from the IRS to file Forms 941-SS instead of Form 944 before you may file these forms. If you don't receive this notice, you must file Form 944 for calendar year 2021.

Requesting to file Form 944 instead of Forms 941-SS. If you're required to file Forms 941-SS but believe your employment taxes for 2021 will be \$1,000 or less, you may request to file Form 944 instead of Forms 941-SS by calling the IRS at 800-829-4933 toll free (U.S. Virgin Islands only) or 267-941-1000 (toll call) between January 1, 2021, and April 1, 2021, or sending a written request postmarked between January 1, 2021, and March 15, 2021. After you contact the IRS, the IRS will send you a written notice that your filing requirement has been changed to Form 944. You must receive written notice from the IRS to file Form 944 instead of Forms 941-SS before you may file this form. If you don't receive this notice, you must file Forms 941-SS for calendar year 2021.

Where to send written requests. Written requests should be sent to:

Department of the Treasury
Internal Revenue Service
Ogden, UT 84201-0038

For more information about these procedures, see Rev. Proc. 2009-51, 2009-45 I.R.B. 625, available at [IRS.gov/irb/2009-45_IRB#RP-2009-51](https://www.irs.gov/irb/2009-45_IRB#RP-2009-51).

What if You Reorganize or Close Your Business?

If You Sell or Transfer Your Business . . .

If you sell or transfer your business during the quarter, you and the new owner must each file a Form 941-SS for the quarter in which the transfer occurred. Report only the wages you paid.

When two businesses merge, the continuing firm must file a return for the quarter in which the change took place and the other firm should file a final return.

Changing from one form of business to another—such as from a sole proprietorship to a partnership or corporation—is considered a transfer. If a transfer occurs, you may need a new EIN. See Pub. 1635 and section 1 of Pub. 80 for more information.

Attach a statement to your return with:

- The new owner's name (or the new name of the business);
- Whether the business is now a sole proprietorship, partnership, or corporation;
- The kind of change that occurred (a sale or transfer);
- The date of the change; and
- The name of the person keeping the payroll records and the address where those records will be kept.

If Your Business Has Closed . . .

If you permanently go out of business or stop paying wages to your employees, you must file a final return. To tell the IRS that Form 941-SS for a particular quarter is your final return, check the box on line 17 and enter the final date you paid wages. Also attach a statement to your return showing the name of the person keeping the payroll records and the address where those records will be kept.

See *Terminating a business* in the General Instructions for Forms W-2 and W-3 for information about earlier dates for the expedited furnishing and filing of the following Wage and Tax Statements when a final Form 941-SS is filed.

- W-2AS, American Samoa.
- W-2CM, Commonwealth of the Northern Mariana Islands.
- W-2GU, Guam.
- W-2VI, U.S. Virgin Islands.

If you participated in a statutory merger or consolidation, or qualify for predecessor-successor status due to an acquisition, you should generally file Schedule D (Form 941), Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations. See the Instructions for Schedule D (Form 941) to determine whether you should file Schedule D (Form 941) and when you should file it.

When Must You File?

File your initial Form 941-SS for the quarter in which you first paid wages that are subject to social security and Medicare taxes. See the table titled [When To File Form 941-SS](#), later.

Then, you must file for every quarter after that—every 3 months—even if you have no taxes to report, unless you're a seasonal employer or are filing your final return. See [Seasonal employers](#) and [If Your Business Has Closed](#), earlier.

File Form 941-SS only once for each quarter. If you filed electronically, don't file a paper Form 941-SS. For more information about filing Form 941-SS electronically, see [Electronic filing and payment](#), earlier.

When To File Form 941-SS

Your Form 941-SS is due by the last day of the month that follows the end of the quarter.		
The Quarter Includes . . .	Quarter Ends	Form 941-SS Is Due
1. January, February, March	March 31	April 30
2. April, May, June	June 30	July 31
3. July, August, September	September 30	October 31
4. October, November, December	December 31	January 31

For example, you must generally report wages you pay during the 1st quarter—which is January through March—by April 30. If you made timely deposits in full payment of your taxes for the quarter, you may file by the 10th day of the 2nd month that follows the end of the quarter. For example, you may file Form 941-SS by May 10 if you made timely deposits in full payment of your taxes for the 1st quarter.

If we receive Form 941-SS after the due date, we will treat Form 941-SS as filed on time if the envelope containing Form 941-SS is properly addressed, contains sufficient postage, and is postmarked by the U.S. Postal Service on or before the due date, or sent by an IRS-designated private delivery service (PDS) on or before the due date. If you don't follow

these guidelines, we will generally consider Form 941-SS filed when it is actually received. For more information about PDSs, see [Where Should You File](#), later.

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

How Should You Complete Form 941-SS?

Type or print your EIN, name, and address in the spaces provided. Also enter your name and EIN on the top of pages 2 and 3. Don't use your social security number (SSN) or individual taxpayer identification number (ITIN). Generally, enter the business (legal) name you used when you applied for your EIN. For example, if you're a sole proprietor, enter "Haleigh Smith" on the "Name" line and "Haleigh's Cycles" on the "Trade name" line. Leave the "Trade name" line blank if it is the same as your "Name."

If you use a tax preparer to fill out Form 941-SS, make sure the preparer shows your business name exactly as it appeared when you applied for your EIN.

Employer identification number (EIN). To make sure that businesses comply with federal tax laws, the IRS monitors tax filings and payments by using a numerical system to identify taxpayers. A unique nine-digit EIN is assigned to all corporations, partnerships, and some sole proprietors. Businesses needing an EIN must apply for a number and use it throughout the life of the business on all tax returns, payments, and reports.

Your business should have only one EIN. If you have more than one and aren't sure which one to use, write to the IRS office where you file your returns (using the *Without a payment* address under [Where Should You File](#), later) or call the IRS at 800-829-4933 (toll free; for use by U.S. Virgin Islands only) or 267-941-1099 (toll call).

If you don't have an EIN, you may apply for one online by visiting [IRS.gov/EIN](#). You may also apply for an EIN by faxing or mailing Form SS-4 to the IRS. If the principal business was created outside of the United States or U.S. territories, you may also apply for an EIN by calling 267-941-1099 (toll call). If you haven't received your EIN by the due date of Form 941-SS, write "Applied For" and the date you applied in this entry space.



If you're filing your tax return electronically, a valid EIN is required at the time the return is filed. If a valid EIN isn't provided, the return won't be accepted. This may result in penalties.



*Always be sure the EIN on the form you file exactly matches the EIN the IRS assigned to your business. Don't use your SSN or ITIN on forms that ask for an EIN. If you used an EIN (including a prior owner's EIN) on Form 941-SS that is different from the EIN reported on Form W-3SS, see Box h—Other EIN used this year in the *General Instructions for Forms W-2 and W-3. Filing a Form 941-SS with an incorrect EIN or using another business's EIN may result in penalties and delays in processing your return.**

If you change your business name, business address, or responsible party . . . Notify the IRS immediately if you change your business name, business address, or responsible party.

- Write to the IRS office where you file your returns (using the *Without a payment* address under [Where Should You File](#), later) to notify the IRS of any business name change. See Pub. 1635 to see if you need to apply for a new EIN.
- Complete and mail Form 8822-B to notify the IRS of a business address or responsible party change. Don't mail Form 8822-B with your Form 941-SS. For a definition of "responsible party," see the Instructions for Form SS-4.

Check the Box for the Quarter

Under "Report for this Quarter of 2021" at the top of Form 941-SS, check the appropriate box of the quarter for which you're filing. Make sure the quarter checked is the same as shown on any attached Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors, and, if applicable, Schedule R (Form 941).

Completing and Filing Form 941-SS

Make entries on Form 941-SS as follows to enable accurate scanning and processing.

- Use 10-point Courier font (if possible) for all entries if you're typing or using a computer to complete your form. Portable Document Format (PDF) forms on [IRS.gov](#) have fillable fields with acceptable font specifications.
- Don't enter dollar signs and decimal points. Commas are optional. Enter dollars to the left of the preprinted decimal point and cents to the right of it. Don't round entries to whole dollars. Always show an amount for cents, even if it is zero.
- Leave blank any data field (except lines 1 and 12) with a value of zero.
- Enter negative amounts using a minus sign (if possible). Otherwise, use parentheses.
- Enter your name and EIN on all pages and attachments.
- Enter your name, EIN, "Form 941-SS," and the tax year and quarter on all attachments.
- Staple multiple sheets in the upper left corner when filing.

Complete all three pages. You must complete all three pages of Form 941-SS and sign on page 3. Failure to do so may delay processing of your return.

Reconciling Forms 941-SS and W-3SS

The IRS matches amounts reported on your four quarterly Forms 941-SS with Form W-2AS, W-2CM, W-2GU, or W-2VI amounts totaled on your yearly Form W-3SS, Transmittal of Wage and Tax Statements. If the amounts don't agree, you may be contacted by the IRS or the Social Security Administration (SSA). The following amounts are reconciled.

- Social security wages.
- Social security tips.
- Medicare wages and tips.


Use Schedule D (Form 941) to explain certain wage, tax, and payment discrepancies between Forms 941-SS and Forms W-2AS, W-2CM, W-2GU, W-2VI, W-3SS, and W-2c, Corrected Wage and Tax Statement, that were caused by acquisitions, statutory mergers, or consolidations. For more information, see the Instructions for Schedule D (Form 941). Also see Rev. Proc. 2004-53 for more information. You can find Rev. Proc. 2004-53 on page 320 of I.R.B. 2004-34 at [IRS.gov/irb/2004-34_IRB#RP-2004-53](#).

Where Should You File?


You're encouraged to file Form 941-SS electronically. Go to [IRS.gov/EmploymentEfile](#) for more information on electronic filing. If you file a paper return, where you file depends on whether you include a payment with Form 941-SS.

PDSs can't deliver to P.O. boxes. You must use the U.S. Postal Service to mail an item to a P.O. box address. Go to [IRS.gov/PDS](https://www.irs.gov/PDS) for the current list of PDSs. For the IRS mailing address to use if you're using a PDS, go to [IRS.gov/PDSstreetAddresses](https://www.irs.gov/PDSstreetAddresses). Select the address on the webpage that is given for the Ogden Submission Processing Center.

If you're in . . .	Without a payment . . .	With a payment . . .
American Samoa, Guam, Commonwealth of the Northern Mariana Islands, U.S. Virgin Islands	Internal Revenue Service P.O. Box 409101 Ogden, UT 84409	Internal Revenue Service P.O. Box 932100 Louisville, KY 40293-2100
Special filing addresses for exempt organizations; federal, state, and local governmental entities; and Indian tribal governmental entities, regardless of location	Department of the Treasury Internal Revenue Service Ogden, UT 84201-0005	Internal Revenue Service P.O. Box 932100 Louisville, KY 40293-2100

 **Your filing address may have changed from that used to file your employment tax return in prior years. Don't send Form 941-SS or any payments to the SSA.**

Depositing Your Taxes

 **You must deposit all depository taxes electronically by EFT. For more information, see [Federal tax deposits must be made by electronic funds transfer \(EFT\)](#) under Reminders, earlier.**

Must You Deposit Your Taxes?

You may have to deposit both the employer and employee social security taxes and Medicare taxes.

- **If your total taxes after adjustments and nonrefundable credits (line 12) are less than \$2,500 for the current quarter or the prior quarter, and you didn't incur a \$100,000 next-day deposit obligation during the current quarter.** You don't have to make a deposit. To avoid a penalty, you must pay any amount due in full with a timely filed return or you must deposit any amount you owe by the due date of the return. For more information on paying with a timely filed return, see the instructions for [line 14](#), later. If you're not sure your total tax liability for the current quarter will be less than \$2,500 (and your liability for the prior quarter wasn't less than \$2,500), make deposits using the semiweekly or monthly rules so you won't be subject to FTD penalties.
- **If your total taxes after adjustments and nonrefundable credits (line 12) are \$2,500 or more for the current quarter and the prior quarter.** You must make deposits according to your deposit schedule. See section 8 of Pub. 80 for information about payments made under the accuracy of deposits rule and for rules about federal tax deposits.

Reducing your deposits for COVID-19 credits.

Employers eligible to claim the credit for qualified sick and family leave wages, the employee retention credit, and/or the COBRA premium assistance credit can reduce their deposits by the amount of their anticipated credits. You may reduce your deposits of federal employment taxes in anticipation of the COBRA premium assistance credit with regard to a period of coverage as of the date you are entitled to the credit. Employers won't be subject to an FTD penalty for

reducing their deposits if certain conditions are met. See the instructions for [line 11b](#), [line 11c](#), [line 11d](#), and [line 11e](#), later, for more information on these credits. For more information on reducing deposits, see Notice 2020-22, 2020-17 I.R.B. 664, available at [IRS.gov/irb/2020-17_IRB#NOT-2020-22](https://www.irs.gov/irb/2020-17_IRB#NOT-2020-22); and [Notice 2021-24](#). See the instructions for [line 16](#), later, for information on adjusting tax liabilities reported on line 16 or Schedule B (Form 941) for nonrefundable credits. See [Early termination of the employee retention credit for most employers](#) under *What's New*, earlier, if you reduced your deposits in anticipation of the employee retention credit for the fourth quarter of 2021 but you're no longer eligible for the credit because you're not a recovery startup business.

Example. Reducing deposits for COBRA premium assistance. Maple Co. has a semimonthly payroll period. Sophie Rose elected COBRA premium assistance on May 17, 2021. Maple Co. becomes entitled to a COBRA premium assistance credit as of May 17, 2021, for the premiums not paid by Sophie (an assistance eligible individual) for the periods of coverage of April 1, 2021, through April 30, 2021, and May 1, 2021, through May 31, 2021. Maple Co. may reduce its federal employment tax deposits as of May 17, 2021, in anticipation of the credit to which Maple Co. has become entitled.

When Must You Deposit Your Taxes?


Determine if You're a Monthly or Semiweekly Schedule Depositor for the Quarter

The IRS uses two different sets of deposit rules to determine when businesses must deposit their social security and Medicare taxes. These schedules tell you when a deposit is due after you have a payday.

Your deposit schedule isn't determined by how often you pay your employees. Your deposit schedule depends on the total tax liability you reported on Form 941-SS during the previous 4-quarter lookback period (July 1 of the second preceding calendar year through June 30 of the preceding calendar year). See section 8 of Pub. 80 for details. If you filed Form 944 in either 2019 or 2020, your lookback period is the 2019 calendar year.

Before the beginning of each calendar year, determine which type of deposit schedule you must use.

- If you reported \$50,000 or less in taxes during the lookback period, you're a **monthly schedule depositor**.
- If you reported more than \$50,000 of taxes during the lookback period, you're a **semiweekly schedule depositor**.

 **If you're a monthly schedule depositor and accumulate a \$100,000 tax liability on any day during the deposit period, you become a semiweekly schedule depositor on the next day and remain so for at least the rest of the calendar year and for the following calendar year. See \$100,000 Next-Day Deposit Rule in section 8 of Pub. 80 for more information. If you become a semiweekly schedule depositor under this rule solely as a result of the relief provided in Notice 2021-65 regarding the early termination of the employee retention credit for the fourth quarter of 2021, you may be converted back to a monthly schedule depositor by contacting the IRS. You may continue to deposit in accordance with your status as a monthly schedule depositor, but you may receive a system-generated FTD penalty notice after you file your Form 941-SS for the first quarter of 2022. Contact the IRS at the toll-free number on your FTD penalty notice to request abatement of the FTD**

penalty and to be converted back to a monthly schedule depositor. Aside from this exception, ordinary rules for determining deposit frequency will continue to apply. The \$100,000 tax liability threshold requiring a next-day deposit is determined before you consider any reduction of your liability for nonrefundable credits. For more information, including an example, see frequently asked question 17 at [IRS.gov/ETD](https://www.irs.gov/ETD).

What About Penalties and Interest?

Avoiding Penalties and Interest

You can avoid paying penalties and interest if you do all of the following.

- Deposit or pay your taxes when they are due, unless you meet the requirements discussed in [Notice 2020-22](#) and [Notice 2021-24](#). See [Notice 2021-65](#) for modifications to Notice 2021-24 under the Infrastructure Act.
- File your fully completed Form 941-SS on time.
- Report your tax liability accurately.
- Submit valid checks for tax payments.
- Furnish accurate Forms W-2AS, W-2CM, W-2GU, or W-2VI to employees.
- File Form W-3SS and Copy A of Forms W-2AS, W-2CM, W-2GU, or W-2VI with the SSA on time and accurately.

Penalties and interest are charged on taxes paid late and returns filed late at a rate set by law. See section 8 of Pub. 80 for details.

Use Form 843 to request abatement of assessed penalties or interest. Don't request abatement of assessed penalties or interest on Form 941-SS or Form 941-X.

If you receive a notice about a penalty after you file this return, reply to the notice with an explanation and we will determine if you meet reasonable-cause criteria. Don't attach an explanation when you file your return.



If federal income, social security, and Medicare taxes that must be withheld (that is, trust fund taxes) aren't withheld or aren't deposited or paid to the United States Treasury, the trust fund recovery penalty may apply. The penalty is 100% of the unpaid trust fund tax. If these unpaid taxes can't be immediately collected from the employer or business, the trust fund recovery penalty may be imposed on all persons who are determined by the IRS to be responsible for collecting, accounting for, or paying over these taxes, and who acted willfully in not doing so. For more information, see section 8 of Pub. 80. The trust fund recovery penalty won't apply to any amount of trust fund taxes an employer holds back in anticipation of any credits they are entitled to. It also won't apply to applicable taxes deferred under section 2302 of the CARES Act or applicable taxes deferred under [Notice 2020-65](#) and [Notice 2021-11](#) if paid by the due date.

Adjustment of Tax on Tips

If, by the 10th of the month after the month you received an employee's report on tips, you don't have enough employee funds available to withhold the employee share of social security and Medicare taxes, you no longer have to collect it. Report the entire amount of these tips on line 5b (Taxable social security tips), line 5c (Taxable Medicare wages and tips), and, if the withholding threshold is met, line 5d (Taxable wages and tips subject to Additional Medicare Tax withholding). Include as a negative adjustment on [line 9](#) the total uncollected employee share of the social security and Medicare taxes.

Where Can You Obtain Forms?

See Pub. 80 for information on ordering IRS forms. You may also be able to get some IRS forms at the addresses listed next.

American Samoa	Tax Office Executive Office Building, First Floor Pago Pago, AS 96799
Commonwealth of the Northern Mariana Islands	CNMI Division of Revenue and Taxation Joeten Dandan Commercial Center Saipan, MP 96950
Guam	Department of Revenue and Taxation Government of Guam 1240 Army Drive Barrigada, GU 96913
U.S. Virgin Islands	Bureau of Internal Revenue 6115 Estate Smith Bay St. Thomas, VI 00802

Specific Instructions:

Part 1: Answer These Questions for This Quarter

1. Number of Employees Who Received Wages, Tips, or Other Compensation

Enter the number of employees on your payroll for the pay period including June 12, September 12, or December 12, for the quarter indicated at the top of the Form 941-SS. Don't include:

- Household employees,
- Employees in nonpay status for the pay period,
- Farm employees,
- Pensioners, or
- Active members of the U.S. Armed Forces.

4. If No Wages, Tips, and Other Compensation Are Subject to Social Security or Medicare Tax . . .

If no wages, tips, and compensation are subject to social security or Medicare tax, check the box on line 4. If this question doesn't apply to you, leave the box blank. For more information about exempt wages, see section 12 of Pub. 80. For religious exemptions, see section 4 of Pub. 15-A.



If you're a governmental employer, wages you pay aren't automatically exempt from social security and Medicare taxes. Your employees may be covered by law or by a voluntary Section 218 Agreement with the SSA. For more information, see Pub. 963, Federal-State Reference Guide.



For purposes of these instructions, all references to "sick pay" mean ordinary sick pay, not "qualified sick leave wages" that are reported on line 5a(i).

5a-5e. Taxable Social Security and Medicare Wages and Tips

5a. Taxable social security wages. Enter the total wages, including qualified sick leave wages and qualified family

leave wages for leave taken after March 31, 2021, and before October 1, 2021; qualified wages (other than qualified health plan expenses) for the employee retention credit; sick pay; and taxable fringe benefits subject to social security taxes you paid to your employees during the quarter. Don't include the qualified sick leave wages reported on line 5a(i) or qualified family leave wages reported on line 5a(ii) for leave taken before April 1, 2021. For this purpose, sick pay includes payments made by an insurance company to your employees for which you received timely notice from the insurance company. See section 6 of Pub. 15-A for more information about sick pay reporting. See the instructions for [line 8](#) for an adjustment that you may need to make on Form 941-SS for sick pay.

Enter the amount before payroll deductions. Don't include tips on this line. For information on types of wages subject to social security taxes, see section 4 of Pub. 80.

For 2021, the rate of social security tax on taxable wages, except for qualified sick leave wages and qualified family leave wages for leave taken before April 1, 2021, is 6.2% (0.062) each for the employer and employee or 12.4% (0.124) for both. Stop paying social security tax on and entering an employee's wages on line 5a when the employee's taxable wages, including qualified sick leave wages reported on line 5a(i), qualified family leave wages reported on line 5a(ii), and tips, reach \$142,800 for the year. However, continue to withhold Medicare taxes for the whole year on all wages, including qualified sick leave wages, qualified family leave wages, and tips, even when the social security wage base of \$142,800 has been reached.

For purposes of the credit for qualified sick and family leave wages, qualified sick leave and family leave wages are wages for social security and Medicare tax purposes, determined without regard to the exclusions from the definition of employment under sections 3121(b)(1)–(22), that an employer pays that otherwise meet the requirements of the EPSLA or Expanded FMLA, as enacted under the FFCRA and amended for purposes of the ARP. However, don't include any wages otherwise excluded under section 3121(b) when reporting qualified sick and family leave wages on lines 5a, 5a(i), 5a(ii), 5c, and, if applicable, 5d. See the instructions for [line 11d](#) for information about the credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021.

$$\begin{array}{r} \text{line 5a (column 1)} \\ \times 0.124 \\ \hline \text{line 5a (column 2)} \end{array}$$

EPSLA. Employers with fewer than 500 employees and, for leave taken after March 31, 2021, and before October 1, 2021, certain governmental employers without regard to number of employees (except for the federal government and its agencies and instrumentalities unless described in section 501(c)(1)) are entitled to a credit if they provide paid sick leave to employees that otherwise meets the requirements of the EPSLA. Under the EPSLA, as amended for purposes of the ARP, wages are qualified sick leave wages if paid to employees that are unable to work or telework before October 1, 2021, because the employee:

1. Is subject to a federal, state (including U.S. territories), or local quarantine or isolation order related to COVID-19;
2. Has been advised by a health care provider to self-quarantine due to concerns related to COVID-19;

3. Is experiencing symptoms of COVID-19 and seeking a medical diagnosis; or, for leave taken after March 31, 2021, and before October 1, 2021, is seeking or awaiting the results of a diagnostic test for, or a medical diagnosis of, COVID-19 (and the employee has been exposed to COVID-19 or the employee's employer has requested such test or diagnosis), or the employee is obtaining immunizations related to COVID-19 or recovering from an injury, disability, illness, or condition related to such immunization;

4. Is caring for an individual subject to an order described in (1) or who has been advised as described in (2);

5. Is caring for a son or daughter because the school or place of care for that child has been closed, or the childcare provider for that child is unavailable, due to COVID-19 precautions; or

6. Is experiencing any other substantially similar condition specified by the U.S. Department of Health and Human Services, which for leave taken after March 31, 2021, and before October 1, 2021, includes to accompany an individual to obtain immunization related to COVID-19, or to care for an individual who is recovering from any injury, disability, illness, or condition related to the immunization.

Son or daughter. A son or daughter must generally have been under 18 years of age or incapable of self-care because of a mental or physical disability. A son or daughter includes a biological child, adopted child, stepchild, foster child, legal ward, or a child for whom the employee assumes parental status and carries out the obligations of a parent.

TIP *The 80-hour limit discussed next is the combined total allowed for leave taken after March 31, 2021, and before October 1, 2021. If an employee received qualified sick leave wages for leave taken before April 1, 2021, those hours don't reduce the 80 combined hours allowed for leave taken after March 31, 2021, and before October 1, 2021.*

Limits on qualified sick leave wages. The EPSLA, as amended for purposes of the ARP, provides different limitations for different circumstances under which qualified sick leave wages are paid. For paid sick leave qualifying under (1), (2), or (3) above, the amount of qualified sick leave wages is determined at the employee's regular rate of pay, but the wages may not exceed \$511 for any day (or portion of a day) for which the individual is paid sick leave. For paid sick leave qualifying under (4), (5), or (6) above, the amount of qualified sick leave wages is determined at two-thirds the employee's regular rate of pay, but the wages may not exceed \$200 for any day (or portion of a day) for which the individual is paid sick leave. The EPSLA also limits each individual to a maximum of up to 80 hours of paid sick leave. Therefore, the maximum amount of paid sick leave wages paid to one employee can't exceed \$5,110 for an employee for leave under (1), (2), or (3), and it can't exceed \$2,000 for an employee for leave under (4), (5), or (6).

For more information about qualified sick leave wages, go to [IRS.gov/PLC](https://www.irs.gov/PLC).

Expanded FMLA. Employers with fewer than 500 employees and, for leave taken after March 31, 2021, and before October 1, 2021, certain governmental employers without regard to number of employees (except for the federal government and its agencies and instrumentalities unless described in section 501(c)(1)) are entitled to a credit under the FFCRA, as amended for purposes of the ARP, if they provide paid family leave to employees that otherwise

meets the requirements of the Expanded FMLA. For leave taken before April 1, 2021, wages are qualified family leave wages if paid to an employee who has been employed for at least 30 calendar days when an employee is unable to work or telework due to the need to care for a son or daughter under 18 years of age or incapable of self-care because of a mental or physical disability because the school or place of care for that child has been closed, or the childcare provider for that child is unavailable, due to a public health emergency. See [Son or daughter](#), earlier, for more information. For leave taken after March 31, 2021, and before October 1, 2021, the leave can be granted for any other reason provided by the EPSLA, as amended for purposes of the ARP.

For leave taken before April 1, 2021, the first 10 days for which an employee takes leave may be unpaid. During this period, employees may use other forms of paid leave, such as qualified sick leave, accrued sick leave, annual leave, or other paid time off. After an employee takes leave for 10 days, the employer must provide the employee paid leave (that is, qualified family leave wages) for up to 10 weeks. For leave taken after March 31, 2021, and before October 1, 2021, the 10-day rule discussed above doesn't apply and the paid leave can be provided for up to 12 weeks.

Rate of pay and limit on wages. The rate of pay must be at least two-thirds of the employee's regular rate of pay (as determined under the Fair Labor Standards Act of 1938), multiplied by the number of hours the employee otherwise would have been scheduled to work. For leave taken before April 1, 2021, the qualified family leave wages can't exceed \$200 per day or \$10,000 in the aggregate per employee for the year. For leave taken after March 31, 2021, and before October 1, 2021, the qualified wages can't exceed \$200 per day or \$12,000 in the aggregate per employee.

For more information about qualified family leave wages, go to [IRS.gov/PLC](https://www.irs.gov/PLC).

5a(i). Qualified sick leave wages. Enter the qualified taxable (subject to social security tax) sick leave wages you paid to your employees during the quarter for leave taken before April 1, 2021. Qualified sick leave wages for leave taken before April 1, 2021, aren't subject to the employer share of social security tax; therefore, the tax rate on these wages is 6.2% (0.062). Stop paying social security tax on and entering an employee's wages on line 5a(i) when the employee's taxable wages, including wages reported on line 5a, qualified sick leave wages reported on line 5a(i), qualified family leave wages reported on line 5a(ii), and tips, reach \$142,800 for the year. See the instructions for [line 5c](#) for reporting Medicare tax on qualified sick leave wages, including the portion above the social security wage base.

For purposes of the credit for qualified sick and family leave wages, qualified sick leave wages are wages for social security and Medicare tax purposes, determined without regard to the exclusions from the definition of employment under sections 3121(b)(1)–(22), that an employer pays that otherwise meet the requirements of the EPSLA, as enacted under the FFCRA and amended by the COVID-related Tax Relief Act of 2020. However, don't include any wages otherwise excluded under section 3121(b) when reporting qualified sick leave wages on lines 5a(i), 5c, and, if applicable, 5d. See the instructions for [line 11b](#) for information about the credit for qualified sick and family leave wages for leave taken before April 1, 2021.

$$\begin{array}{r} \text{line 5a(i) (column 1)} \\ \times \quad 0.062 \\ \hline \text{line 5a(i) (column 2)} \end{array}$$

5a(ii). Qualified family leave wages. Enter the qualified taxable (subject to social security tax) family leave wages you paid to your employees during the quarter for leave taken before April 1, 2021. Qualified family leave wages for leave taken before April 1, 2021, aren't subject to the employer share of social security tax; therefore, the tax rate on these wages is 6.2% (0.062). Stop paying social security tax on and entering an employee's wages on line 5a(ii) when the employee's taxable wages, including wages reported on line 5a, qualified sick leave wages reported on line 5a(i), qualified family leave wages reported on line 5a(ii), and tips, reach \$142,800 for the year. See the instructions for [line 5c](#) for reporting Medicare tax on qualified family leave wages, including the portion above the social security wage base.

For purposes of the credit for qualified sick and family leave wages, qualified family leave wages are wages for social security and Medicare tax purposes, determined without regard to the exclusions from the definition of employment under sections 3121(b)(1)–(22), that an employer pays that otherwise meet the requirements of the Expanded FMLA, as enacted under the FFCRA and amended by the COVID-related Tax Relief Act of 2020. However, don't include any wages otherwise excluded under section 3121(b) when reporting qualified family leave wages on lines 5a(ii), 5c, and, if applicable, 5d. See the instructions for [line 11b](#) for information about the credit for qualified sick and family leave wages for leave taken before April 1, 2021.

$$\begin{array}{r} \text{line 5a(ii) (column 1)} \\ \times \quad 0.062 \\ \hline \text{line 5a(ii) (column 2)} \end{array}$$

5b. Taxable social security tips. Enter all tips your employees reported to you during the quarter until the total of the tips and taxable wages, including wages reported on line 5a, qualified sick leave wages reported on line 5a(i), and qualified family leave wages reported on line 5a(ii), for an employee reach \$142,800 for the year. Include all tips your employee reported to you even if you were unable to withhold the employee tax of 6.2%. You will reduce your total taxes by the amount of any uncollected employee share of social security and Medicare taxes on tips later on line 9; see [Current quarter's adjustments for tips and group-term life insurance](#), later. Don't include service charges on line 5b. For details about the difference between tips and service charges, see Rev. Rul. 2012-18, 2012-26 I.R.B. 1032, available at [IRS.gov/irb/2012-26_IRB#RR-2012-18](https://www.irs.gov/irb/2012-26_IRB#RR-2012-18).

Your employee must report cash tips to you by the 10th day of the month after the month the tips are received. Cash tips include tips paid by cash, check, debit card, and credit card. The report should include charged tips (for example, credit and debit card charges) you paid over to the employee for charge customers, tips the employee received directly from customers, and tips received from other employees under any tip-sharing arrangement. Both directly and indirectly tipped employees must report tips to you. No report is required for months when tips are less than \$20. Employees may use Form 4070 (available only in Pub. 1244) or submit a written statement or electronic tip record.

Don't include allocated tips on this line. Instead, report them on Form 8027. Allocated tips aren't reportable on Form 941-SS and aren't subject to withholding of social security or Medicare taxes.

$$\begin{array}{r} \text{line 5b (column 1)} \\ \times \quad 0.124 \\ \hline \text{line 5b (column 2)} \end{array}$$

5c. Taxable Medicare wages and tips. Enter all wages, including qualified sick leave wages, qualified family leave wages, and qualified wages (excluding qualified health plan expenses) for the employee retention credit; tips; sick pay; and taxable fringe benefits that are subject to Medicare tax. Unlike social security wages, there is no limit on the amount of wages subject to Medicare tax.

The rate of Medicare tax is 1.45% (0.0145) each for the employer and employee or 2.9% (0.029) for both. Include all tips your employees reported during the quarter, even if you were unable to withhold the employee tax of 1.45%.

$$\begin{array}{r} \text{line 5c (column 1)} \\ \times \quad 0.029 \\ \hline \text{line 5c (column 2)} \end{array}$$

For more information on tips, see section 5 of Pub. 80. See the instructions for [line 8](#) for an adjustment that you may need to make on Form 941-SS for sick pay.

5d. Taxable wages & tips subject to Additional Medicare Tax withholding. Enter all wages, including qualified sick leave wages, qualified family leave wages, and qualified wages (excluding qualified health plan expenses) for the employee retention credit; tips; sick pay; and taxable fringe benefits that are subject to Additional Medicare Tax withholding. You're required to begin withholding Additional Medicare Tax in the pay period in which you pay wages in excess of \$200,000 to an employee and continue to withhold it each pay period until the end of the calendar year. Additional Medicare Tax is only imposed on the employee. There is no employer share of Additional Medicare Tax. All wages that are subject to Medicare tax are subject to Additional Medicare Tax withholding if paid in excess of the \$200,000 withholding threshold.

For more information on what wages are subject to Medicare tax, see the chart, *Special Rules for Various Types of Employment and Payments*, in section 12 of Pub. 80. For more information on Additional Medicare Tax, go to [IRS.gov/ADMT](https://www.irs.gov/ADMT). See the instructions for [line 8](#) for an adjustment that you may need to make on Form 941-SS for sick pay.

Once wages and tips exceed the \$200,000 withholding threshold, include all tips your employees reported during the quarter, even if you were unable to withhold the employee tax of 0.9%.

$$\begin{array}{r} \text{line 5d (column 1)} \\ \times \quad 0.009 \\ \hline \text{line 5d (column 2)} \end{array}$$

5e. Total social security and Medicare taxes. Add the column 2 amounts on lines 5a–5d. Enter the result on line 5e.

5f. Section 3121(q) Notice and Demand—Tax Due on Unreported Tips

Enter the tax due from your Section 3121(q) Notice and Demand on line 5f. The IRS issues a Section 3121(q) Notice and Demand to advise an employer of the amount of tips received by employees who failed to report or underreported tips to the employer. An employer isn't liable for the employer share of the social security and Medicare taxes on unreported tips until notice and demand for the taxes is made to the employer by the IRS in a Section 3121(q) Notice and Demand. The tax due may have been determined from tips reported to the IRS on employees' Forms 4137, Social Security and Medicare Tax on Unreported Tip Income, or other tips that weren't reported to their employer as determined by the IRS during an examination. For additional information, see Rev. Rul. 2012-18, 2012-26 I.R.B. 1032, available at [IRS.gov/irb/2012-26_IRB#RR-2012-18](https://www.irs.gov/irb/2012-26_IRB#RR-2012-18).

Deposit the tax within the time period required under your deposit schedule to avoid any possible deposit penalty. The tax is treated as accumulated by the employer on the "Date of Notice and Demand" as printed on the Section 3121(q) Notice and Demand. The employer must include this amount on the appropriate line of the record of federal tax liability (Part 2 of Form 941-SS for a monthly schedule depositor or Schedule B (Form 941) for a semiweekly schedule depositor).

6. Total Taxes Before Adjustments

Add the total social security and Medicare taxes before adjustments (line 5e) and any tax due under a Section 3121(q) Notice and Demand (line 5f). Enter the result on line 6.

7–9. Tax Adjustments

Enter tax amounts on lines 7–9 that result from current quarter adjustments. Use a minus sign (if possible) to show an adjustment that decreases the total taxes shown on line 6 instead of parentheses. Doing so enhances the accuracy of our scanning software. For example, enter "-10.59" instead of "(10.59)." However, if your software only allows for parentheses in entering negative amounts, you may use them.

Current quarter's adjustments. In certain cases, you must adjust the amounts you entered as social security and Medicare taxes in column 2 of lines 5a–5d to figure your correct tax liability for this quarter's Form 941-SS. See section 9 of Pub. 80.

7. Current quarter's adjustment for fractions of cents. Enter adjustments for fractions of cents (due to rounding) relating to the employee share of social security and Medicare taxes withheld. The employee share of amounts shown in column 2 of lines 5a–5d may differ slightly from amounts actually withheld from employees' pay due to the rounding of social security and Medicare taxes based on statutory rates. This adjustment may be a positive or negative adjustment.

8. Current quarter's adjustment for sick pay. If your third-party payer of sick pay that isn't your agent (for example, an insurance company) transfers the liability for the employer share of the social security and Medicare taxes to you, enter a negative adjustment on line 8 for the employee share of social security and Medicare taxes that were withheld and deposited by your third-party sick pay payer on the sick pay. If you're the third-party sick pay payer and you

transferred the liability for the employer share of the social security and Medicare taxes to the employer, enter a negative adjustment on line 8 for any employer share of these taxes required to be paid by the employer. The sick pay should be included on line 5a, line 5c, and, if the withholding threshold is met, line 5d.

No adjustment is reported on line 8 for sick pay that is paid through a third party as an employer's agent. An employer's agent bears no insurance risk and is reimbursed on a cost-plus-fee basis for payment of sick pay and similar amounts. If an employer uses an agent to pay sick pay, the employer reports the wages on line 5a, line 5c, and, if the withholding threshold is met, line 5d, unless the employer has an agency agreement with the third-party payer that requires the third-party payer to do the collecting, reporting, and/or paying or depositing employment taxes on the sick pay. See section 6 of Pub. 15-A for more information about sick pay reporting.

9. Current quarter's adjustments for tips and group-term life insurance. Enter a negative adjustment for:

- Any uncollected employee share of social security and Medicare taxes on tips, and
- The uncollected employee share of social security and Medicare taxes on group-term life insurance premiums paid for former employees.

See the General Instructions for Forms W-2 and W-3 for information on how to report the uncollected employee share of social security and Medicare taxes on tips and group-term life insurance on Form W-2.

Prior quarter's adjustments. If you need to correct any adjustment reported on a previously filed Form 941-SS, complete and file Form 941-X. Form 941-X is an adjusted return or claim for refund and is filed separately from Form 941-SS. See section 9 of Pub. 80.

10. Total Taxes After Adjustments

Combine the amounts shown on lines 6–9 and enter the result on line 10.

11a. Qualified Small Business Payroll Tax Credit for Increasing Research Activities

Enter the amount of the credit from Form 8974, line 12.



If you enter an amount on line 11a, you must attach Form 8974. The December 2017 revision of Form 8974 instructs you to enter the amount from Form 8974, line 12, on Form 941-SS, line 11. Instead, the amount from Form 8974, line 12, should be entered on Form 941-SS, line 11a.



Form 941-SS and these instructions use the terms "nonrefundable" and "refundable" when discussing credits. The term "nonrefundable" means the portion of the credit which is limited by law to the amount of certain taxes. The term "refundable" means the portion of the credit which is in excess of those taxes.

11b. Nonrefundable Portion of Credit for Qualified Sick and Family Leave Wages for Leave Taken Before April 1, 2021

Certain private employers with fewer than 500 employees that provide paid sick leave under the [EPSLA](#) and/or provide paid family leave under the [Expanded FMLA](#) are eligible to

claim the credit for qualified sick and family leave wages for leave taken before April 1, 2021. For purposes of this credit, qualified sick leave wages and qualified family leave wages are wages for social security and Medicare tax purposes, determined without regard to the exclusions from the definition of employment under sections 3121(b)(1)–(22), that an employer pays that otherwise meet the requirements of the EPSLA or Expanded FMLA. Enter the nonrefundable portion of the credit for qualified sick and family leave wages from [Worksheet 1](#), Step 2, line 2j. The credit for qualified sick and family leave wages consists of the qualified sick leave wages, the qualified family leave wages, the [qualified health plan expenses](#) allocable to those wages, and the employer share of Medicare tax allocable to those wages. The nonrefundable portion of the credit is limited to the employer share of social security tax reported on Form 941-SS, lines 5a and 5b, after that share is first reduced by any credit claimed on Form 8974 for the qualified small business payroll tax credit for increasing research activities, any credit to be claimed on Form 5884-C for the work opportunity credit for qualified tax-exempt organizations hiring qualified veterans, and/or any credit to be claimed on Form 5884-D for the disaster credit for qualified tax-exempt organizations.



If you're a third-party payer of sick pay that isn't an agent (for example, an insurance company) and you're claiming the credit for qualified sick and family leave wages for amounts paid to your own employees, the amount of the employer share of social security tax reported on line 5a must be reduced by any adjustment you make on line 8 for the employer share of social security tax transferred to your client. If you received a Section 3121(q) Notice and Demand for tax due on unreported tips (Letter 3263 or Letter 4520) during the quarter, you report the amount for the employer share of social security tax and Medicare tax on Form 941-SS, line 5f. Letter 3263 or Letter 4520 includes an attachment that shows the employer share of social security tax. This amount of the employer share of social security tax can also be reduced by the nonrefundable portion of the credit. See [Worksheet 1](#) to figure your credit.

Any credit in excess of the remaining amount of the employer share of social security tax is refundable and reported on Form 941-SS, line 13c. For more information on the credit for qualified sick and family leave wages, go to [IRS.gov/PLC](#).

Qualified health plan expenses allocable to qualified sick leave and family leave wages. The credit for qualified sick leave wages and qualified family leave wages is increased to cover the qualified health plan expenses that are properly allocable to the qualified leave wages for which the credit is allowed. These qualified health plan expenses are amounts paid or incurred by the employer to provide and maintain a group health plan but only to the extent such amounts are excluded from the employees' income as coverage under an accident or health plan. The amount of qualified health plan expenses generally includes both the portion of the cost paid by the employer and the portion of the cost paid by the employee with pre-tax salary reduction contributions. However, qualified health plan expenses don't include amounts that the employee paid for with after-tax contributions. For more information, go to [IRS.gov/PLC](#).



You must include the full amount (both the nonrefundable and refundable portions) of the credit for qualified sick and family leave wages in your gross income for the tax year that includes the last day of any calendar quarter in which a credit is allowed. You can't use the same wages for the employee retention credit and the credits for paid sick and family leave.

11c. Nonrefundable Portion of Employee Retention Credit



Certain government entities are entitled to the credit for calendar quarters in 2021, including (1) federal instrumentalities described in section 501(c)(1) and exempt from tax under section 501(a); and (2) any government, agency, or instrumentality that is a college or university or the principal purpose or function of the entity is providing medical or hospital care.

Instructions for the Second Quarter of 2021

Enter the nonrefundable portion of the employee retention credit from [Worksheet 2](#), Step 2, line 2h. The employee retention credit is 70% of the qualified wages you paid to your employees in the quarter. Qualified wages include [qualified health plan expenses for the employee retention credit](#). The nonrefundable portion of the credit is limited to the employer share of social security tax reported on Form 941-SS, lines 5a and 5b, after that share is first reduced by any credit claimed on Form 8974 for the qualified small business payroll tax credit for increasing research activities, any credit to be claimed on Form 5884-C for the work opportunity credit for qualified tax-exempt organizations hiring qualified veterans, any credit to be claimed on Form 5884-D for the disaster credit for qualified tax-exempt organizations, and/or any credit claimed for the nonrefundable portion of the credit for qualified sick and family leave wages for leave taken before April 1, 2021.



If you're a third-party payer of sick pay that isn't an agent (for example, an insurance company) and you're claiming the employee retention credit for amounts paid to your own employees, the amount of the employer share of social security tax reported on line 5a must be reduced by any adjustment you make on line 8 for the employer share of social security tax transferred to your client. If you received a Section 3121(q) Notice and Demand for tax due on unreported tips (Letter 3263 or Letter 4520) during the quarter, you report the amount for the employer share of social security tax and Medicare tax on Form 941-SS, line 5f. Letter 3263 or Letter 4520 includes an attachment that shows the employer share of social security tax. This amount of the employer share of social security tax can also be reduced by the nonrefundable portion of the credit. See [Worksheet 2](#) to figure your credit.

Any credit in excess of the remaining amount of the employer share of social security tax is refundable and reported on Form 941-SS, line 13d. For more information on the employee retention credit for the second quarter of 2021, see [Notice 2021-23](#).

Qualified wages for the employee retention credit paid in the second quarter of 2021. The tax credit is equal to 70% of qualified wages paid to employees after March 31, 2021, and before July 1, 2021. Qualified wages, including qualified health plan expenses, are limited to a maximum of \$10,000 for each employee for the quarter. Qualified wages

are wages for social security and Medicare tax purposes (for government entities, determined without regard to section 3121(b)(5), (6), (7), (10), or (13), except for services performed by an inmate at a penal institution) paid to certain employees during any period in a quarter in which your business operations are fully or partially suspended due to a governmental order or during a quarter in which your gross receipts (within the meaning of section 448(c) or, if you're a tax-exempt organization, section 6033) are less than 80% of the gross receipts for the same calendar quarter in calendar year 2019.

The wages and qualified health plan expenses considered in calculating your credit depend on the size of your workforce. Eligible employers that had an average number of 500 or fewer full-time employees during 2019 count wages paid to all their employees and the qualified health plan expenses paid or incurred for all employees during any period in the quarter in which business operations are fully or partially suspended due to a governmental order or during a quarter in which gross receipts are less than 80% of the gross receipts for the same calendar quarter in calendar year 2019. Eligible employers that had an average number of more than 500 full-time employees in 2019 may count only wages paid to employees for time that the employees weren't providing services, and qualified health plan expenses paid or incurred by the employer allocable to the time those employees weren't providing services, due to the suspension or decline in gross receipts.

Qualified wages don't include wages for which the employer receives a credit for qualified sick and family leave wages, and any wages taken into account in determining the employee retention credit can't be taken into account as wages for purposes of the credits under sections 41, 45A, 45P, 45S, 51, and 1396. Employers can receive both a Small Business Interruption Loan under the PPP and the employee retention credit; however, employers can't receive both loan forgiveness and a credit for the same wages.

Qualified health plan expenses for the employee retention credit. Qualified wages for the employee retention credit include qualified health plan expenses. Qualified health plan expenses are amounts paid or incurred by the employer to provide and maintain a group health plan but only to the extent such amounts are excluded from the employees' income as coverage under an accident or health plan. The amount of qualified health plan expenses taken into account in determining the amount of qualified wages generally includes both the portion of the cost paid by the employer and the portion of the cost paid by the employee with pre-tax salary reduction contributions. However, the qualified health plan expenses shouldn't include amounts that the employee paid for with after-tax contributions. Generally, qualified health plan expenses are those which are allocable to an employee (and to a period) in which your business operations are fully or partially suspended due to a governmental order or experience a decline in gross receipts. The allocation will be treated as proper if made on the basis of being pro rata among periods of coverage.

Instructions for the Third and Fourth Quarters of 2021



The Infrastructure Act amends section 3134 of the Internal Revenue Code, as enacted under the ARP, to limit the availability of the employee retention credit in the fourth quarter of 2021 to employers that are

recovery startup businesses, as defined in section 3134(c) (5). Thus, for wages paid after September 30, 2021, and before January 1, 2022, only the wages paid by recovery startup businesses can be qualified wages as described in these instructions. See [Recovery startup business](#), later, for more information about a recovery startup business.

Enter the nonrefundable portion of the employee retention credit from [Worksheet 4](#), Step 2, line 2h. The employee retention credit is 70% of the qualified wages you paid to your employees in the quarter. Qualified wages include [qualified health plan expenses for the employee retention credit](#). The nonrefundable portion of the credit is limited to the employer share of Medicare tax reported on Form 941-SS, line 5c, after that share is first reduced by any credit claimed for the nonrefundable portion of the credit for qualified sick and family leave wages for leave taken after March 31, 2021.



If you're a third-party payer of sick pay that isn't an agent (for example, an insurance company) and you're claiming the employee retention credit for amounts paid to your own employees, the amount of the employer share of Medicare tax reported on line 5c must be reduced by any adjustment you make on line 8 for the employer share of Medicare tax transferred to your client. If you received a Section 3121(q) Notice and Demand for tax due on unreported tips (Letter 3263 or Letter 4520) during the quarter, you report the amount for the employer share of social security tax and Medicare tax on Form 941-SS, line 5f. Letter 3263 or Letter 4520 includes an attachment that shows the employer share of Medicare tax. This amount of the employer share of Medicare tax can also be reduced by the nonrefundable portion of the credit. See [Worksheet 4](#) to figure your credit.

Any credit in excess of the remaining amount of the employer share of Medicare tax is refundable and reported on Form 941-SS, line 13d. The IRS expects to issue guidance about the employee retention credit provided under the ARP for wages paid after June 30, 2021, and before January 1, 2022, later this year. A link to any new guidance issued will be posted at [IRS.gov/ERC](https://www.irs.gov/ERC).

Qualified wages for the employee retention credit paid in the third and fourth quarters of 2021. The tax credit is equal to 70% of qualified wages paid to employees in each quarter. Qualified wages, including qualified health plan expenses, are limited to a maximum of \$10,000 for each employee for the quarter. Qualified wages are wages for social security and Medicare tax purposes (for government entities, determined without regard to section 3121(b)(5), (6), (7), (10), or (13), except for services performed by an inmate at a penal institution) paid to certain employees during any period in a quarter in which your business operations are fully or partially suspended due to a governmental order or during a quarter in which your gross receipts (within the meaning of section 448(c) or, if you're a tax-exempt organization, section 6033) are less than 80% of the gross receipts for the same calendar quarter in calendar year 2019; or wages paid by a recovery startup business. See [Recovery startup business](#), later, for more information about a recovery startup business. A recovery startup business must also check the box on line 18b and is limited to a \$50,000 employee retention credit per quarter.

Unless you're a severely financially distressed employer, the wages and qualified health plan expenses considered in calculating your credit depend on the size of your workforce. Eligible employers that had an average number of 500 or

fewer full-time employees during 2019 count wages paid to all their employees and the qualified health plan expenses paid or incurred for all employees during any period in the quarter in which business operations are fully or partially suspended due to a governmental order or during a quarter in which gross receipts are less than 80% of the gross receipts for the same calendar quarter in calendar year 2019. Eligible employers that had an average number of more than 500 full-time employees in 2019 may count only wages paid to employees for time that the employees weren't providing services, and qualified health plan expenses paid or incurred by the employer allocable to the time those employees weren't providing services, due to the suspension or decline in gross receipts.

Qualified wages under section 3134 for the employee retention credit don't include wages taken into account for credits under sections 41, 45A, 45P, 45S, 51, 1396, 3131 (qualified sick leave wages for leave taken after March 31, 2021), and 3132 (qualified family leave wages for leave taken after March 31, 2021). Qualified wages also don't include wages that were used as payroll costs in connection with a Shuttered Venue Operator Grant under section 324 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act; or a restaurant revitalization grant under section 5003 of the ARP. Employers can receive both a Small Business Interruption Loan under the PPP and the employee retention credit; however, employers can't receive both loan forgiveness and a credit for the same wages.

Severely financially distressed employer. Severely financially distressed employers are eligible employers during the third quarter of 2021 whose gross receipts are less than 10% of the gross receipts for the same calendar quarter in calendar year 2019.

Recovery startup business. A recovery startup business is an employer that:

- Began carrying on a trade or business after February 15, 2020;
- Had average annual gross receipts of \$1 million or less for the 3 tax years ending with the tax year before the calendar quarter in which the employee retention credit is claimed; and
- Only for credit claimed in the third quarter of 2021, isn't otherwise eligible for the employee retention credit because business operations aren't fully or partially suspended due to a governmental order or because gross receipts (within the meaning of section 448(c) or, if you're a tax-exempt organization, section 6033) aren't less than 80% of the gross receipts for the same calendar quarter in calendar year 2019.

11d. Nonrefundable Portion of Credit for Qualified Sick and Family Leave Wages for Leave Taken After March 31, 2021, and Before October 1, 2021

Employers with fewer than 500 employees and certain governmental employers without regard to number of employees (except for the federal government and its agencies and instrumentalities unless described in section 501(c)(1)) are entitled to a credit if they provide paid sick leave to employees that otherwise meets the requirements of the [EPSLA](#), as amended for purposes of the ARP, and/or provide paid family leave to employees that otherwise meets the requirements under the [Expanded FMLA](#), as amended for purposes of the ARP, for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021. For purposes of this credit, qualified sick

leave wages and qualified family leave wages are wages for social security and Medicare tax purposes, determined without regard to the exclusions from the definition of employment under sections 3121(b)(1)–(22), that an employer pays that otherwise meet the requirements of the EPSLA or Expanded FMLA, as enacted under the FFCRA and amended for purposes of the ARP. Enter the nonrefundable portion of the credit for qualified sick and family leave wages from [Worksheet 3](#), Step 2, line 2r.

The credit for qualified sick and family leave wages consists of the:

- Qualified sick leave wages and/or qualified family leave wages;
- [Qualified health plan expenses allocable to qualified sick leave and family leave wages](#);
- [Collectively bargained defined benefit pension plan contributions](#), subject to the qualified leave wage limitations, allocable to the qualified sick and family leave wages;
- [Collectively bargained apprenticeship program contributions](#), subject to the qualified leave wage limitations, allocable to the qualified sick and family leave wages; and
- Employer share of social security and Medicare tax allocable to the qualified sick and family leave wages.

The nonrefundable portion of the credit is limited to the employer share of Medicare tax reported on Form 941-SS, line 5c. You can't claim the credit in a quarter in which you provide the leave in a manner that discriminates in favor of highly compensated employees, full-time employees, or employees on the basis of employment tenure when making qualified sick and/or family leave available to employees. See [Highly compensated employee](#), later, for the definition.

For qualified sick and family leave wages paid before July 1, 2021, for leave taken after March 31, 2021, and before July 1, 2021, the credit for qualified sick and family leave wages is reduced by the amount of the credit allowed under section 2301 of the CARES Act (for the employee retention credit) or under section 41 (for the credit for increasing research activities) with respect to wages taken into account for determining both the credit under section 2301 of the CARES Act or section 41 and the credit for qualified sick and family leave wages; and any wages taken into account in determining the credit for qualified sick and family leave wages can't be taken into account as wages for purposes of the credits under sections 45A, 45P, 45S, and 51. For leave taken after June 30, 2021, the credit for qualified sick and family leave wages is reduced by the amount of the credit allowed under section 41 (for the credit for increasing research activities) with respect to wages taken into account for determining the credit for qualified sick and family leave wages; and any wages taken into account in determining the credit for qualified sick and family leave wages can't be taken into account as wages for purposes of the credits under sections 45A, 45P, 45S, 51, and 3134. For both the second and third quarters of 2021, qualified wages also don't include wages that were used as payroll costs in connection with a Shuttered Venue Operator Grant under section 324 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act; or a restaurant revitalization grant under section 5003 of the ARP. Employers can receive both a Small Business Interruption Loan under the PPP and the credit for qualified sick and family leave wages; however, employers can't receive both loan forgiveness and a credit for the same wages. The same wages can't be treated as both qualified sick leave wages and qualified family leave wages.



If you're a third-party payer of sick pay that isn't an agent (for example, an insurance company) and you're claiming the credit for qualified sick and family leave wages for amounts paid to your own employees, the amount of the employer share of Medicare tax reported on line 5c must be reduced by any adjustment you make on line 8 for the employer share of Medicare tax transferred to your client. If you received a Section 3121(q) Notice and Demand for tax due on unreported tips (Letter 3263 or Letter 4520) during the quarter, you report the amount for the employer share of social security tax and Medicare tax on Form 941-SS, line 5f. Letter 3263 or Letter 4520 includes an attachment that shows the employer share of Medicare tax. This amount of the employer share of Medicare tax can also be reduced by the nonrefundable portion of the credit. See [Worksheet 3](#) to figure your credit.

Any credit in excess of the remaining amount of the employer share of Medicare tax is refundable and reported on Form 941-SS, line 13e. For more information on the credit for qualified sick and family leave wages, go to [IRS.gov/PLC](#).

Qualified health plan expenses allocable to qualified sick leave and family leave wages. The credit for qualified sick leave wages and qualified family leave wages is increased to cover the qualified health plan expenses that are properly allocable to the qualified leave wages for which the credit is allowed. These qualified health plan expenses are amounts paid or incurred by the employer to provide and maintain a group health plan but only to the extent such amounts are excluded from the employees' income as coverage under an accident or health plan. The amount of qualified health plan expenses generally includes both the portion of the cost paid by the employer and the portion of the cost paid by the employee with pre-tax salary reduction contributions. However, qualified health plan expenses don't include amounts that the employee paid for with after-tax contributions. For more information, go to [IRS.gov/PLC](#).

Collectively bargained defined benefit pension plan contributions. For purposes of qualified sick and family leave wages, collectively bargained defined benefit pension plan contributions are contributions for a calendar quarter that are:

- Paid or incurred by an employer on behalf of its employees to a defined benefit plan, as defined in section 414(j), which meets the requirements of section 401(a);
- Made based on a pension contribution rate; and
- Required to be made under the terms of a collective bargaining agreement in effect for the quarter.

Pension contribution rate. The pension contribution rate is the contribution rate that the employer is obligated to pay under the terms of a collective bargaining agreement to a defined benefit plan, as the rate is applied to contribution base units, as defined by section 4001(a)(11) of the Employee Retirement Income Security Act of 1974 (ERISA).

Allocation rules. The amount of collectively bargained defined benefit pension plan contributions allocated to qualified sick leave wages and/or qualified family leave wages in a quarter is the pension contribution rate (expressed as an hourly rate) multiplied by the number of hours qualified sick leave wages and/or qualified family leave wages were provided to employees covered under the collective bargaining agreement during the quarter.

Collectively bargained apprenticeship program contributions. For purposes of qualified sick and family leave

wages, collectively bargained apprenticeship program contributions are contributions for a calendar quarter that are:

- Paid or incurred by an employer on behalf of its employees to a registered apprenticeship program, which is an apprenticeship registered under the National Apprenticeship Act of August 16, 1937, and meets the standards of Federal Regulations under subpart A of Part 29 and Part 30 of title 29;
- Made based on an apprenticeship program contribution rate; and
- Required to be made under the terms of a collective bargaining agreement in effect for the quarter.

Apprenticeship program contribution rate. The apprenticeship program contribution rate is the contribution rate that the employer is obligated to pay under the terms of a collective bargaining agreement for benefits under a registered apprenticeship program, as the rate is applied to contribution base units, as defined by section 4001(a)(11) of ERISA.

Allocation rules. The amount of collectively bargained apprenticeship program contributions allocated to qualified sick leave wages and/or qualified family leave wages in a quarter is the apprenticeship program contribution rate (expressed as an hourly rate) multiplied by the number of hours qualified sick leave wages and/or qualified family leave wages were provided to employees covered under the collective bargaining agreement during the quarter.

Highly compensated employee. A highly compensated employee is an employee who meets either of the following tests.

1. The employee was a 5% owner at any time during the year or the preceding year.
2. The employee received more than \$130,000 in pay for the preceding year.

You can choose to ignore test (2) if the employee wasn't also in the top 20% of employees when ranked by pay for the preceding year.

11e. Nonrefundable Portion of COBRA Premium Assistance Credit

Enter the COBRA premium assistance that you provided in the quarter. You can claim the credit for a period of coverage once the individual elects COBRA continuation coverage, and for any period of coverage beginning after the election, as of the beginning of such period of coverage for which the individual doesn't pay the premiums for the coverage. Don't include any amount that was included as qualified wages for the employee retention credit or included as qualified health plan expenses allocable to qualified sick leave and family leave wages. Enter the nonrefundable portion of the COBRA premium assistance credit from [Worksheet 5](#), Step 2, line 2g. See [COBRA background](#) next for more information about COBRA.

COBRA background. The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) provides certain former employees, retirees, spouses, former spouses, and dependent children the right to temporary continuation of health coverage at group rates. COBRA generally covers multiemployer health plans and health plans maintained by private-sector employers (other than churches) with 20 or more full- and part-time employees. Parallel requirements apply to these plans under ERISA. Under the Public Health Service Act, COBRA requirements also apply to health plans covering state or local government employees. Similar requirements apply under some state laws.

11f. Number of Individuals Provided COBRA Premium Assistance

Enter the number of individuals provided COBRA premium assistance during the quarter. Count each assistance eligible individual that received assistance as one individual, whether or not the COBRA coverage was for insurance that covered more than one assistance eligible individual. For example, if the coverage was for a former employee, spouse, and two children, you would include one individual on line 11f. Further, each individual is reported only once per quarter. For example, an assistance eligible individual that received assistance for all 3 months of a quarter is only reported as one individual.

11g. Total Nonrefundable Credits

Add lines 11a, 11b, 11c, 11d, and 11e. Enter the total on line 11g.

12. Total Taxes After Adjustments and Nonrefundable Credits

Subtract line 11g from line 10 and enter the result on line 12. The amount entered on line 12 can't be less than zero.

- **If line 12 is less than \$2,500 or line 12 on the prior quarterly return was less than \$2,500, and you didn't incur a \$100,000 next-day deposit obligation during the current quarter.** You may pay the amount with Form 941-SS or you may deposit the amount. To avoid a penalty, you must pay any amount you owe in full with a timely filed return or you must deposit any amount you owe before the due date of the return. For more information on paying with a timely filed return, see the instructions for [line 14](#), later.
- **If line 12 is \$2,500 or more and line 12 on the prior quarterly return was \$2,500 or more, or if you incurred a \$100,000 next-day deposit obligation during the current quarter.** You must make required deposits according to your deposit schedule. See [Notice 2020-22](#) and [Notice 2021-24](#) for information on reducing deposits for certain credits. The amount shown on line 12 must equal the "Total liability for quarter" shown on line 16 or the "Total liability for the quarter" shown on Schedule B (Form 941). For more information, see the [line 16](#) instructions, later.

For more information and rules about federal tax deposits, see [Depositing Your Taxes](#), earlier, and section 8 of Pub. 80.



If you're a semiweekly schedule depositor, you must complete Schedule B (Form 941). If you fail to complete and submit Schedule B (Form 941), the IRS may assess deposit penalties based on available information.

13a. Total Deposits for This Quarter

Enter your deposits for this quarter, including any overpayment from a prior quarter that you applied to this return. Also include in the amount shown any overpayment that you applied from filing Form 941-X, 944-X, or 944-X (SP) in the current quarter. Don't include any amount that you didn't deposit because you reduced your deposits in anticipation of the credit for qualified sick and family leave wages, the employee retention credit, and/or the COBRA premium assistance credit, as discussed in [Notice 2020-22](#) and [Notice 2021-24](#).

13c. Refundable Portion of Credit for Qualified Sick and Family Leave Wages for Leave Taken Before April 1, 2021

Certain private employers with fewer than 500 employees that provide paid sick leave under the [EPSLA](#) and/or provide paid family leave under the [Expanded FMLA](#) are eligible to claim the credit for qualified sick and family leave wages. Enter the refundable portion of the credit for qualified sick and family leave wages from [Worksheet 1](#), Step 2, line 2k. The credit for qualified sick and family leave wages consists of the qualified sick leave wages, the qualified family leave wages, the [qualified health plan expenses](#) allocable to those wages, and the employer share of Medicare tax allocable to those wages. The refundable portion of the credit is allowed after the employer share of social security tax is reduced to zero by nonrefundable credits that are applied against the employer share of social security tax.

13d. Refundable Portion of Employee Retention Credit

Credit for wages paid after March 31, 2021, and before July 1, 2021 (second quarter). Enter the refundable portion of the employee retention credit from [Worksheet 2](#), Step 2, line 2i. The employee retention credit is 70% of the [qualified wages for the employee retention credit paid in the second quarter of 2021](#). The refundable portion of the credit is allowed after the employer share of social security tax is reduced to zero by nonrefundable credits that are applied against the employer share of social security tax.



The Infrastructure Act amends section 3134 of the Internal Revenue Code, as enacted under the ARP, to limit the availability of the employee retention credit in the fourth quarter of 2021 to employers that are recovery startup businesses, as defined in section 3134(c)(5). Thus, for wages paid after September 30, 2021, and before January 1, 2022, only the wages paid by recovery startup businesses can be qualified wages as described in these instructions. See [Recovery startup business](#), earlier, for more information about a recovery startup business.

Credit for wages paid after June 30, 2021, and before January 1, 2022 (third and fourth quarters). Enter the refundable portion of the employee retention credit from [Worksheet 4](#), Step 2, line 2i. The employee retention credit is 70% of the [qualified wages for the employee retention credit paid in the third and fourth quarters of 2021](#). The refundable portion of the credit is allowed after the employer share of Medicare tax is reduced to zero by nonrefundable credits that are applied against the employer share of Medicare tax. See [Early termination of the employee retention credit for most employers](#) under *What's New*, earlier, for information on the termination of the employee retention credit for employers, other than recovery startup businesses, for the fourth quarter of 2021.

13e. Refundable Portion of Credit for Qualified Sick and Family Leave Wages for Leave Taken After March 31, 2021, and Before October 1, 2021

Employers with fewer than 500 employees and certain governmental employers without regard to number of employees (except for the federal government and its agencies and instrumentalities unless described in section 501(c)(1)) are entitled to a credit if they provide paid sick

leave to employees that otherwise meets the requirements of the [EPSLA](#), as amended for purposes of the ARP, and/or provide paid family leave to employees that otherwise meets the requirements under the [Expanded FMLA](#), as amended for purposes of the ARP, for leave taken after March 31, 2021, and before October 1, 2021. Enter the refundable portion of the credit for qualified sick and family leave wages from [Worksheet 3](#), Step 2, line 2s. The refundable portion of the credit is allowed after the employer share of Medicare tax is reduced to zero by nonrefundable credits that are applied against the employer share of Medicare tax.

13f. Refundable Portion of COBRA Premium Assistance Credit

Enter the refundable portion of the COBRA premium assistance credit from [Worksheet 5](#), Step 2, line 2h. The refundable portion of the credit is allowed after the employer share of Medicare tax is reduced to zero by nonrefundable credits that are applied against the employer share of Medicare tax.

13g. Total Deposits and Refundable Credits

Add lines 13a, 13c, 13d, 13e, and 13f. Enter the total on line 13g.

13h. Total Advances Received From Filing Form(s) 7200 for the Quarter

Enter the total advances received from filing Form(s) 7200 for the quarter. If you filed a Form 7200 for the quarter but you haven't received the advance before filing Form 941-SS, don't include on line 13h the amount of the advance requested. Employers were eligible to file Form 7200 for the quarter if they paid qualified sick leave wages, qualified family leave wages, qualified wages for the employee retention credit, and/or provided COBRA premium assistance and the amount of employment tax deposits they retained wasn't sufficient to cover their anticipated credits. Include on line 13h any advance payment of the employee retention credit that you received for the fourth quarter of 2021 even if you're no longer eligible for the employee retention credit because you're not a recovery startup business. See [Early termination of the employee retention credit for most employers](#) under *What's New*, earlier, for more information.



Form 7200 may be filed for a quarter up to the earlier of the end of the month after the end of each quarter or filing of Form 941-SS for the quarter. However, if you file Form 7200 after the end of the quarter, it's possible that it may not be processed prior to the processing of the filed Form 941-SS. Advance payment requests on Form 7200 for a quarter won't be paid after your Form 941-SS is processed for that quarter. When the IRS processes Form 941-SS, we will correct the amount reported on line 13h to match the amount of advance payments issued or contact you to reconcile the difference before we finish processing Form 941-SS.

13i. Total Deposits and Refundable Credits Less Advances

Subtract line 13h from line 13g. Enter the result on line 13i.

14. Balance Due

If line 12 is more than line 13i, enter the difference on line 14. Otherwise, see [Overpayment](#), later.

Never make an entry on both lines 14 and 15.

You don't have to pay if line 14 is under \$1. Generally, you should have a balance due only if your total taxes after adjustments and nonrefundable credits (line 12) for the current quarter or prior quarter are less than \$2,500, and you didn't incur a \$100,000 next-day deposit obligation during the current quarter. However, see section 8 of Pub. 80 for information about payments made under the accuracy of deposits rule.

If you were required to make federal tax deposits, pay the amount shown on line 14 by EFT. If you weren't required to make federal tax deposits (see [Must You Deposit Your Taxes](#), earlier) or you're a monthly schedule depositor making a payment under the accuracy of deposits rule, you may pay the amount shown on line 14 by EFT, credit card, debit card, check, money order, or EFW. For more information on electronic payment options, go to [IRS.gov/Payments](#).

If you pay by EFT, credit card, or debit card, file your return using the *Without a payment* address under [Where Should You File](#), earlier, and don't file Form 941-V(SS), Payment Voucher.

If you pay by check or money order, make it payable to "United States Treasury." Enter your EIN, "Form 941-SS," and the tax period ("2nd Quarter 2021," "3rd Quarter 2021," or "4th Quarter 2021") on your check or money order. Complete Form 941-V(SS) and enclose it with Form 941-SS.

If line 12 is \$2,500 or more on both your prior and current quarter Form 941-SS, and you've deposited all taxes when due, the balance due on line 14 should be zero.



If you're required to make deposits and instead pay the taxes with Form 941-SS, you may be subject to a penalty. See [Must You Deposit Your Taxes](#), earlier.

What if you can't pay in full? If you can't pay the full amount of tax you owe, you can apply for an installment agreement online. You can apply for an installment agreement online if:

- You can't pay the full amount shown on line 14,
- The total amount you owe is \$25,000 or less, and
- You can pay the liability in full in 24 months.

To apply using the Online Payment Agreement Application, go to [IRS.gov/OPA](#).

Under an installment agreement, you can pay what you owe in monthly installments. There are certain conditions you must meet to enter into and maintain an installment agreement, such as paying the liability within 24 months, and making all required deposits and timely filing tax returns during the length of the agreement.

If your installment agreement is accepted, you will be charged a fee and you will be subject to penalties and interest on the amount of tax not paid by the due date of the return.

15. Overpayment

If line 13i is more than line 12, enter the difference on line 15.

Never make an entry on both lines 14 and 15.

If you deposited more than the correct amount for the quarter, you can choose to have the IRS either refund the overpayment or apply it to your next return. Check only one box on line 15. If you don't check either box or if you check both boxes, we will generally apply the overpayment to your

next return. Regardless of any boxes you check or don't check on line 15, we may apply your overpayment to any past due tax account that is shown in our records under your EIN.

If line 15 is under \$1, we will send a refund or apply it to your next return only if you ask us in writing to do so.

Part 2: Tell Us About Your Deposit Schedule and Tax Liability for This Quarter

16. Tax Liability for the Quarter

Check one of the boxes on line 16. Follow the instructions for each box to determine if you need to enter your monthly tax liability on Form 941-SS or your daily tax liability on Schedule B (Form 941).

De minimis exception. If line 12 is less than \$2,500 or line 12 on the prior quarterly return was less than \$2,500, and you didn't incur a \$100,000 next-day deposit obligation during the current quarter, check the first box on line 16 and go to Part 3.



If you meet the de minimis exception based on the prior quarter and line 12 for the current quarter is \$100,000 or more, you must provide a record of your federal tax liability. If you're a monthly schedule depositor, complete the deposit schedule on line 16. If you're a semiweekly schedule depositor, attach Schedule B (Form 941).

Monthly schedule depositor. If you reported \$50,000 or less in taxes during the lookback period, you're a monthly schedule depositor unless the \$100,000 Next-Day Deposit Rule discussed in section 8 of Pub. 80 applies. Check the second box on line 16 and enter your tax liability for each month in the quarter. Enter your tax liabilities in the month that corresponds to the dates you paid wages to your employees, not the date payroll liabilities were accrued or deposits were made. Add the amounts for each month. Enter the result in the "Total liability for quarter" box.

Note that your total tax liability for the quarter must equal your total taxes shown on line 12. If it doesn't, your tax deposits and payments may not be counted as timely. Don't reduce your total liability reported on line 16 by the refundable portion of the credit for qualified sick and family leave wages, the refundable portion of the employee retention credit, or the refundable portion of the COBRA premium assistance credit. Don't change your tax liability on line 16 by adjustments reported on any Forms 941-X.

You're a monthly schedule depositor for the calendar year if the amount of your Form 941-SS taxes reported for the lookback period is \$50,000 or less. The lookback period is the 4 consecutive quarters ending on June 30 of the prior year. For 2021, the lookback period begins July 1, 2019, and ends June 30, 2020. For details on the deposit rules, see section 8 of Pub. 80. If you filed Form 944 in either 2019 or 2020, your lookback period is the 2019 calendar year.



The amounts entered on line 16 are a summary of your monthly tax liability, not a summary of deposits you made. If you don't properly report your liabilities when required or if you're a semiweekly schedule depositor and enter your liabilities on line 16 instead of on Schedule B (Form 941), you may be assessed an "averaged" FTD

penalty. See Deposit Penalties in section 8 of Pub. 80 for more information.

Reporting adjustments from lines 7–9 on line 16. If your net adjustment during a month is negative and it exceeds your total tax liability for the month, don't enter a negative amount for the month. Instead, enter "-0-" for the month and carry over the unused portion of the adjustment to the next month.

Semiweekly schedule depositor. If you reported more than \$50,000 of taxes for the lookback period, you're a semiweekly schedule depositor. Check the third box on line 16.

You must complete Schedule B (Form 941) and submit it with your Form 941-SS. Don't file Schedule B (Form 941) with your Form 941-SS if you're a monthly schedule depositor.

Don't change your tax liability on Schedule B (Form 941) by adjustments reported on any Forms 941-X.

Adjusting tax liability for nonrefundable credits claimed on lines 11a, 11b, 11c, 11d, and 11e. Monthly schedule depositors and semiweekly schedule depositors must account for nonrefundable credits claimed on lines 11a, 11b, 11c, 11d, and 11e when reporting their tax liabilities on line 16 or Schedule B (Form 941). The total tax liability for the quarter must equal the amount reported on line 12. Failure to account for the nonrefundable credits on line 16 or Schedule B (Form 941) may cause line 16 or Schedule B (Form 941) to report more than the total tax liability reported on line 12. Don't reduce your monthly tax liability reported on line 16 or your daily tax liability reported on Schedule B (Form 941) below zero.

Qualified small business payroll tax credit for increasing research activities (line 11a). The qualified small business payroll tax credit for increasing research activities is limited to the employer share of social security tax on wages paid in the quarter that begins after the income tax return electing the credit has been filed. In completing line 16 or Schedule B (Form 941), you take into account the payroll tax credit against the liability for the employer share of social security tax starting with the first payroll payment of the quarter that includes payments of wages subject to social security tax to your employees. The credit may be taken to the extent of the employer share of social security tax on wages associated with the first payroll payment, and then to the extent of the employer share of social security tax associated with succeeding payroll payments in the quarter until the credit is used. Consistent with the entries on line 16 or Schedule B (Form 941), the payroll tax credit should be taken into account in making deposits of employment tax. If any payroll tax credit is remaining at the end of the quarter that hasn't been used completely because it exceeds the employer share of social security tax for the quarter, the excess credit may be carried forward to the succeeding quarter and allowed as a payroll tax credit for the succeeding quarter. The payroll tax credit may not be taken as a credit against income tax withholding, Medicare tax, or the employee share of social security tax. Also, the remaining payroll tax credit may not be carried back and taken as a credit against wages paid from preceding quarters.

Example. Rose Co. is an employer with a calendar tax year that filed its timely income tax return on April 15, 2021. Rose Co. elected to take the qualified small business payroll tax credit for increasing research activities on Form 6765. The third quarter of 2021 is the first quarter that begins after

Rose Co. filed the income tax return making the payroll tax credit election. Therefore, the payroll tax credit applies against Rose Co.'s share of social security tax on wages paid to employees in the third quarter of 2021. Rose Co. is a semiweekly schedule depositor. Rose Co. completes Schedule B (Form 941) by reducing the amount of liability entered for the first payroll payment in the third quarter of 2021 that includes wages subject to social security tax by the lesser of (1) its share of social security tax on the wages, or (2) the available payroll tax credit. If the payroll tax credit elected is more than Rose Co.'s share of social security tax on the first payroll payment of the quarter, the excess payroll tax credit would be carried forward to succeeding payroll payments in the third quarter until it is used. If the amount of the payroll tax credit exceeds Rose Co.'s share of social security tax on wages paid to its employees in the third quarter, the excess credit would be treated as a payroll tax credit against its share of social security tax on wages paid in the fourth quarter. If the amount of the payroll tax credit remaining exceeded Rose Co.'s share of social security tax on wages paid in the fourth quarter, it could be carried forward and treated as a payroll tax credit for the first quarter of 2022.

Nonrefundable portion of credit for qualified sick and family leave wages for leave taken before April 1, 2021 (line 11b). The nonrefundable portion of the credit for qualified sick and family leave wages for leave taken before April 1, 2021, is limited to the employer share of social security tax on wages paid in the quarter that is remaining after that share is first reduced by any credit claimed on Form 941-SS, line 11a, for the qualified small business payroll tax credit for increasing research activities; any credit to be claimed on Form 5884-C, line 11, for the work opportunity credit for qualified tax-exempt organizations hiring qualified veterans; and/or any credit to be claimed on Form 5884-D for the disaster credit for qualified tax-exempt organizations. In completing line 16 or Schedule B (Form 941), you take into account the entire quarter's nonrefundable portion of the credit for qualified sick and family leave wages against the liability for the first payroll payment of the quarter, but not below zero. Then reduce the liability for each successive payroll payment in the quarter until the nonrefundable portion of the credit is used. Any credit for qualified sick and family leave wages for leave taken before April 1, 2021, that is remaining at the end of the quarter because it exceeds the employer share of social security tax for the quarter is claimed on line 13c as a refundable credit. The refundable portion of the credit doesn't reduce the liability reported on line 16 or Schedule B (Form 941).

Example. Maple Co. is a semiweekly schedule depositor that pays employees every other Friday. In the second quarter of 2021, Maple Co. had pay dates of April 2, April 16, April 30, May 14, May 28, June 11, and June 25. Maple Co. paid qualified sick and family leave wages on April 2 and April 16 for leave taken before April 1, 2021. The nonrefundable portion of the credit for qualified sick and family leave wages for the quarter is \$10,000. On Schedule B (Form 941), Maple Co. will use the \$10,000 to reduce the liability for the April 2 pay date, but not below zero. If any nonrefundable portion of the credit remains, Maple Co. applies it to the liability for the April 16 pay date, then the April 30 pay date, and so forth until the entire \$10,000 is used.

Nonrefundable portion of employee retention credit for wages paid after March 31, 2021, and before July 1, 2021 (line 11c). The nonrefundable portion of the employee

retention credit is limited to the employer share of social security tax on wages paid in the quarter that is remaining after that share is first reduced by any credit claimed on Form 941-SS, line 11a, for the qualified small business payroll tax credit for increasing research activities; any credit to be claimed on Form 5884-C, line 11, for the work opportunity credit for qualified tax-exempt organizations hiring qualified veterans; any credit to be claimed on Form 5884-D for the disaster credit for qualified tax-exempt organizations; and/or any credit claimed on Form 941-SS, line 11b, for the nonrefundable portion of the credit for qualified sick and family leave wages for leave taken before April 1, 2021. In completing line 16 or Schedule B (Form 941), you take into account the entire quarter's nonrefundable portion of the employee retention credit against the liability for the first payroll payment of the quarter, but not below zero. Then reduce the liability for each successive payroll payment in the quarter until the nonrefundable portion of the credit is used. Any employee retention credit that is remaining at the end of the quarter because it exceeds the employer share of social security tax for the quarter is claimed on line 13d as a refundable credit. The refundable portion of the credit doesn't reduce the liability reported on line 16 or Schedule B (Form 941).

Example. Maple Co. is a semiweekly schedule depositor that pays employees every other Friday. In the second quarter of 2021, Maple Co. had pay dates of April 2, April 16, April 30, May 14, May 28, June 11, and June 25. Maple Co. paid qualified wages for the employee retention credit on May 14 and May 28. The nonrefundable portion of the employee retention credit for the quarter is \$10,000. On Schedule B (Form 941), Maple Co. will use the \$10,000 to reduce the liability for the April 2 pay date, but not below zero. If any nonrefundable portion of the credit remains, Maple Co. applies it to the liability for the April 16 pay date, then the April 30 pay date, and so forth until the entire \$10,000 is used.



The Infrastructure Act amends section 3134 of the Internal Revenue Code, as enacted under the ARP, to limit the availability of the employee retention credit in the fourth quarter of 2021 to employers that are recovery startup businesses, as defined in section 3134(c)(5). Thus, for wages paid after September 30, 2021, and before January 1, 2022, only the wages paid by recovery startup businesses can be qualified wages as described in these instructions. See [Recovery startup business](#), earlier, for more information about a recovery startup business.

If you're no longer eligible to claim the employee retention credit for the fourth quarter of 2021, but you already reduced your employment tax deposits in anticipation of claiming the employee retention credit for the fourth quarter of 2021, you must deposit the amounts initially retained in anticipation of the employee retention credit on or before the due date of the deposit for wages paid on December 31, 2021 (regardless of whether wages are actually paid on that date), based on how you choose to report the tax liability resulting from the termination of the employee retention credit on Schedule B (Form 941), or, if a monthly depositor, on Form 941-SS, line 16, month 3. In order to obtain the relief under Notice 2021-65 and avoid an FTD penalty, employers must deposit the amounts in accordance with the due date or dates of the applicable day or days the tax liabilities resulting from the termination of the employee retention credit are reported on Schedule B (Form 941) or Form 941-SS, line 16, month 3, as applicable. However, this relief doesn't apply to deposit

payments that were untimely due to any circumstance other than the change in eligibility for the employee retention credit or to employers who reduced deposits after December 20, 2021. See [Notice 2021-65](#) for more information.

Nonrefundable portion of employee retention credit for wages paid after June 30, 2021, and before January 1, 2022 (line 11c). The nonrefundable portion of the employee retention credit is limited to the employer share of Medicare tax on wages paid in the quarter that is remaining after that share is first reduced by any credit claimed on Form 941-SS, line 11d, for the nonrefundable portion of the credit for qualified sick and family leave wages for leave taken after March 31, 2021. In completing line 16 or Schedule B (Form 941), you take into account the entire quarter's nonrefundable portion of the employee retention credit against the liability for the first payroll payment of the quarter, but not below zero. Then reduce the liability for each successive payroll payment in the quarter until the nonrefundable portion of the credit is used. Any employee retention credit that is remaining at the end of the quarter because it exceeds the employer share of Medicare tax for the quarter is claimed on line 13d as a refundable credit. The refundable portion of the credit doesn't reduce the liability reported on line 16 or Schedule B (Form 941).

Nonrefundable portion of credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (line 11d). The nonrefundable portion of the credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021, is limited to the employer share of Medicare tax on wages paid in the quarter. In completing line 16 or Schedule B (Form 941), you take into account the entire quarter's nonrefundable portion of the credit for qualified sick and family leave wages against the liability for the first payroll payment of the quarter, but not below zero. Then reduce the liability for each successive payroll payment in the quarter until the nonrefundable portion of the credit is used. Any credit for qualified sick and family leave wages that is remaining at the end of the quarter because it exceeds the employer share of Medicare tax for the quarter is claimed on line 13e as a refundable credit. The refundable portion of the credit doesn't reduce the liability reported on line 16 or Schedule B (Form 941).

Nonrefundable portion of COBRA premium assistance credit (line 11e). The nonrefundable portion of the COBRA premium assistance credit is limited to the employer share of Medicare tax on wages paid in the quarter that is remaining after that share is first reduced by any credit claimed on Form 941-SS, line 11d, for the nonrefundable portion of the credit for qualified sick and family leave wages for leave taken after March 31, 2021; and/or any credit claimed on Form 941-SS, line 11c, for the nonrefundable portion of the employee retention credit for wages paid after June 30, 2021, and before January 1, 2022. In completing line 16 or Schedule B (Form 941), you take into account the entire quarter's nonrefundable portion of the COBRA premium assistance credit against the liability for the first payroll payment of the quarter, but not below zero. Then reduce the liability for each successive payroll payment in the quarter until the nonrefundable portion of the credit is used. Any COBRA premium assistance credit that is remaining at the end of the quarter because it exceeds the employer share of Medicare tax for the quarter is claimed on line 13f as a refundable credit. The refundable portion of the credit doesn't reduce the liability reported on line 16 or Schedule B (Form 941).



You may reduce your deposits by the amount of the nonrefundable and refundable portions of the credit for qualified sick and family leave wages, the nonrefundable and refundable portions of the employee retention credit, and the nonrefundable and refundable portions of the COBRA premium assistance credit, as discussed earlier under [Reducing your deposits for COVID-19 credits](#).

Part 3: Tell Us About Your Business

In Part 3, answer only those questions that apply to your business. If the questions don't apply, leave them blank and go to Part 4.

17. If Your Business Has Closed . . .

If you go out of business or stop paying wages, you must file a final return. To tell the IRS that a particular Form 941-SS is your final return, check the box on line 17 and enter the final date you paid wages in the space provided. For additional filing requirements, including information about attaching a statement to your final return, see [If Your Business Has Closed](#), earlier.

18a. If You're a Seasonal Employer . . .

If you hire employees seasonally—such as for summer or winter only—check the box on line 18a. Checking the box tells the IRS not to expect four Forms 941-SS from you throughout the year because you haven't paid wages regularly.

Generally, we won't ask about unfiled returns if at least one taxable return is filed each year. However, you must check the box on line 18a on every Form 941-SS you file. Otherwise, the IRS will expect a return to be filed for each quarter.

Also, when you complete Form 941-SS, be sure to check the box on the top of the form that corresponds to the quarter reported.

18b. If You're Eligible for the Employee Retention Credit Solely Because Your Business Is a Recovery Startup Business. . .



Recovery startup businesses are limited to a maximum employee retention credit of \$50,000 per quarter. If you check the box on line 18b, don't enter more than \$50,000 per quarter in total on lines 11c and 13d.

Check the box on line 18b if you qualify for the employee retention credit **solely** because your business is a recovery startup business. Under the Infrastructure Act, you must be a recovery startup business to claim the employee retention credit for qualified wages paid after September 30, 2021, and before January 1, 2022 (fourth quarter 2021). For the definition of a recovery startup business, see [Recovery startup business](#), earlier. For the fourth quarter of 2021, you must check this box if you're a third-party payer filing an aggregate Form 941-SS with an attached Schedule R (Form 941) and you or any of your clients are a recovery startup business claiming the employee retention credit.



The amounts entered on lines 19 through 28 are amounts that you use on the worksheets at the end of these instructions to figure certain credits. If you're claiming these credits, you must enter the applicable amounts.

19. Qualified Health Plan Expenses Allocable to Qualified Sick Leave Wages for Leave Taken Before April 1, 2021

Enter the [qualified health plan expenses](#) allocable to qualified sick leave wages for leave taken before April 1, 2021. This amount is also entered on [Worksheet 1](#), Step 2, line 2b.

20. Qualified Health Plan Expenses Allocable to Qualified Family Leave Wages for Leave Taken Before April 1, 2021

Enter the [qualified health plan expenses](#) allocable to qualified family leave wages for leave taken before April 1, 2021. This amount is also entered on [Worksheet 1](#), Step 2, line 2f.



The total amount reported on lines 21 and 22, discussed next, can't exceed \$10,000 per employee each quarter.

21. Qualified Wages for the Employee Retention Credit

Enter the qualified wages for the employee retention credit (excluding the amount of any qualified health plan expenses). For the second quarter of 2021, this amount is entered on [Worksheet 2](#), Step 2, line 2a. For the third and fourth quarters of 2021, this amount is entered on [Worksheet 4](#), Step 2, line 2a.

22. Qualified Health Plan Expenses for the Employee Retention Credit

Enter the [qualified health plan expenses for the employee retention credit](#). These expenses are generally those which are allocable to an employee (and to a period) in which your business operations are fully or partially suspended due to a governmental order or experience a decline in gross receipts. The allocation will be treated as proper if made on the basis of being pro rata among periods of coverage. For more information, go to [IRS.gov/ERC](#). For the second quarter of 2021, this amount is entered on [Worksheet 2](#), Step 2, line 2b. For the third and fourth quarters of 2021, this amount is entered on [Worksheet 4](#), Step 2, line 2b.

23. Qualified Sick Leave Wages for Leave Taken After March 31, 2021, and Before October 1, 2021

Enter the qualified sick leave wages you paid to your employees for leave taken after March 31, 2021, and before October 1, 2021, including any qualified sick leave wages that were above the social security wage base and any qualified sick leave wages excluded from the definition of employment under sections 3121(b)(1)–(22). See the instructions for [line 11d](#), earlier, for more information about qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021. This amount is also entered on [Worksheet 3](#), Step 2, line 2a.

24. Qualified Health Plan Expenses Allocable to Qualified Sick Leave Wages Reported on Line 23

Enter the [qualified health plan expenses](#) allocable to qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021. This amount is also entered on [Worksheet 3](#), Step 2, line 2b.

25. Amounts Under Certain Collectively Bargained Agreements Allocable to Qualified Sick Leave Wages Reported on Line 23

Enter the [collectively bargained defined benefit pension plan contributions](#) and [collectively bargained apprenticeship program contributions](#) allocable to qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021. This amount is also entered on [Worksheet 3](#), Step 2, line 2c.

26. Qualified Family Leave Wages for Leave Taken After March 31, 2021, and Before October 1, 2021

Enter the qualified family leave wages you paid to your employees for leave taken after March 31, 2021, and before October 1, 2021, including any qualified family leave wages that were above the social security wage base and any qualified family leave wages excluded from the definition of employment under sections 3121(b)(1)–(22). See the instructions for [line 11d](#), earlier, for more information about qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021. This amount is also entered on [Worksheet 3](#), Step 2, line 2g.

27. Qualified Health Plan Expenses Allocable to Qualified Family Leave Wages Reported on Line 26

Enter the [qualified health plan expenses](#) allocable to qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021. This amount is also entered on [Worksheet 3](#), Step 2, line 2h.

28. Amounts Under Certain Collectively Bargained Agreements Allocable to Qualified Family Leave Wages Reported on Line 26

Enter the [collectively bargained defined benefit pension plan contributions](#) and [collectively bargained apprenticeship program contributions](#) allocable to qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021. This amount is also entered on [Worksheet 3](#), Step 2, line 2i.

Part 4: May We Speak With Your Third-Party Designee?

If you want to allow an employee, a paid tax preparer, or another person to discuss your Form 941-SS with the IRS, check the “Yes” box in Part 4. Enter the name, phone number, and five-digit personal identification number (PIN) of the specific person to speak with—not the name of the firm that prepared your tax return. The designee may choose any five numbers as his or her PIN.

By checking “Yes,” you authorize the IRS to talk to the person you named (your designee) about any questions we may have while we process your return. You also authorize your designee to do all of the following.

- Give us any information that is missing from your return.
- Call us for information about processing your return.
- Respond to certain IRS notices that you’ve shared with your designee about math errors and return preparation. The IRS won’t send notices to your designee.

You’re not authorizing your designee to bind you to anything (including additional tax liability) or to otherwise

represent you before the IRS. If you want to expand your designee’s authorization, see Pub. 947.

The authorization will automatically expire 1 year from the due date (without regard to extensions) for filing your Form 941-SS. If you or your designee wants to terminate the authorization, write to the IRS office for your location using the *Without a payment* address under [Where Should You File](#), earlier.

Part 5: Sign Here (Approved Roles)

Complete all information and sign Form 941-SS. The following persons are authorized to sign the return for each type of business entity.

- **Sole proprietorship**—The individual who owns the business.
- **Corporation (including a limited liability company (LLC) treated as a corporation)**—The president, vice president, or other principal officer duly authorized to sign.
- **Partnership (including an LLC treated as a partnership) or unincorporated organization**—A responsible and duly authorized partner, member, or officer having knowledge of its affairs.
- **Single-member LLC treated as a disregarded entity for federal income tax purposes**—The owner of the LLC or a principal officer duly authorized to sign.
- **Trust or estate**—The fiduciary.

Form 941-SS may be signed by a duly authorized agent of the taxpayer if a valid power of attorney has been filed.

Alternative signature method. Corporate officers or duly authorized agents may sign Form 941-SS by rubber stamp, mechanical device, or computer software program. For details and required documentation, see Rev. Proc. 2005-39, 2005-28 I.R.B. 82, available at [IRS.gov/irb/2005-28_IRB#RP-2005-39](#).

Paid Preparer Use Only

A paid preparer must sign Form 941-SS and provide the information in the *Paid Preparer Use Only* section of Part 5 if the preparer was paid to prepare Form 941-SS and isn’t an employee of the filing entity. Paid preparers must sign paper returns with a manual signature. The preparer must give you a copy of the return in addition to the copy to be filed with the IRS.

If you’re a paid preparer, enter your Preparer Tax Identification Number (PTIN) in the space provided. Include your complete address. If you work for a firm, enter the firm’s name and the EIN of the firm. You can apply for a PTIN online or by filing Form W-12. For more information about applying for a PTIN online, go to [IRS.gov/PTIN](#). You can’t use your PTIN in place of the EIN of the tax preparation firm.

Generally, don’t complete this section if you’re filing the return as a reporting agent and have a valid Form 8655 on file with the IRS. However, a reporting agent must complete this section if the reporting agent offered legal advice, for example, advising the client on determining whether its workers are employees or independent contractors for federal tax purposes.

How To Get Forms, Instructions, and Publications From the IRS



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

Worksheet 1. Credit for Qualified Sick and Family Leave Wages for Leave Taken Before April 1, 2021

Determine how you will complete this worksheet. (If you're a third-party payer, you must complete this worksheet for each client for which it is applicable, on a client-by-client basis.)

If you paid qualified sick leave wages and/or qualified family leave wages this quarter for leave taken before April 1, 2021, complete Step 1 and Step 2. **Caution:** Use Worksheet 3 to figure the credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021.

Step 1.		Determine the employer share of social security tax this quarter after it is reduced by any credit claimed on Form 8974 and any credit to be claimed on Form 5884-C and/or Form 5884-D	
1a	Enter the amount of social security tax from Form 941-SS, Part 1, line 5a , column 2	1a	_____
1b	Enter the amount of social security tax from Form 941-SS, Part 1, line 5b , column 2	1b	_____
1c	Add lines 1a and 1b	1c	_____
1d	Multiply line 1c by 50% (0.50)	1d	_____
1e	If you're a third-party payer of sick pay that isn't an agent and you're claiming credits for amounts paid to your employees, enter the employer share of social security tax included on Form 941-SS, Part 1, line 8 (enter as a positive number)	1e	_____
1f	Subtract line 1e from line 1d	1f	_____
1g	If you received a Section 3121(q) Notice and Demand during the quarter, enter the amount of the employer share of social security tax from the notice	1g	_____
1h	Employer share of social security tax. Add lines 1f and 1g	1h	_____
1i	Enter the amount from Form 941-SS, Part 1, line 11a (credit from Form 8974)	1i	_____
1j	Enter the amount to be claimed on Form 5884-C, line 11, for this quarter	1j	_____
1j(i)	Enter the amount to be claimed on Form 5884-D, line 12, for this quarter	1j(i)	_____
1k	Total nonrefundable credits already used against the employer share of social security tax. Add lines 1i, 1j, and 1j(i)	1k	_____
1l	Employer share of social security tax remaining. Subtract line 1k from line 1h	1l	_____
Step 2.		Figure the sick and family leave credit	
2a	Qualified sick leave wages reported on Form 941-SS, Part 1, line 5a(i) , column 1	2a	_____
2a(i)	Qualified sick leave wages included on Form 941-SS, Part 1, line 5c, but not included on Form 941-SS, Part 1, line 5a(i), column 1, because the wages reported on that line were limited by the social security wage base	2a(i)	_____
2a(ii)	Total qualified sick leave wages. Add lines 2a and 2a(i)	2a(ii)	_____
2a(iii)	Qualified sick leave wages excluded from the definition of employment under sections 3121(b)(1)-(22)	2a(iii)	_____
2b	Qualified health plan expenses allocable to qualified sick leave wages (Form 941-SS, Part 3, line 19)	2b	_____
2c	Employer share of Medicare tax on qualified sick leave wages. Multiply line 2a(ii) by 1.45% (0.0145)	2c	_____
2d	Credit for qualified sick leave wages. Add lines 2a(ii), 2a(iii), 2b, and 2c	2d	_____
2e	Qualified family leave wages reported on Form 941-SS, Part 1, line 5a(ii) , column 1	2e	_____
2e(i)	Qualified family leave wages included on Form 941-SS, Part 1, line 5c, but not included on Form 941-SS, Part 1, line 5a(ii), column 1, because the wages reported on that line were limited by the social security wage base	2e(i)	_____
2e(ii)	Total qualified family leave wages. Add lines 2e and 2e(i)	2e(ii)	_____
2e(iii)	Qualified family leave wages excluded from the definition of employment under sections 3121(b)(1)-(22)	2e(iii)	_____
2f	Qualified health plan expenses allocable to qualified family leave wages (Form 941-SS, Part 3, line 20)	2f	_____
2g	Employer share of Medicare tax on qualified family leave wages. Multiply line 2e(ii) by 1.45% (0.0145)	2g	_____
2h	Credit for qualified family leave wages. Add lines 2e(ii), 2e(iii), 2f, and 2g	2h	_____
2i	Credit for qualified sick and family leave wages. Add lines 2d and 2h	2i	_____
2j	Nonrefundable portion of credit for qualified sick and family leave wages for leave taken before April 1, 2021. Enter the smaller of line 1l or line 2i. Enter this amount on Form 941-SS, Part 1, line 11b	2j	_____
2k	Refundable portion of credit for qualified sick and family leave wages for leave taken before April 1, 2021. Subtract line 2j from line 2i and enter this amount on Form 941-SS, Part 1, line 13c	2k	_____

Worksheet 2. Employee Retention Credit for the Second Quarter of 2021 Only (Wages Paid After March 31, 2021, and Before July 1, 2021)



Determine how you will complete this worksheet. (If you're a third-party payer, you must complete this worksheet for each client for which it is applicable, on a client-by-client basis.)

If you paid qualified wages after March 31, 2021, and before July 1, 2021, for purposes of the employee retention credit, complete Step 1 and Step 2. If you're claiming a credit for qualified sick and family leave wages in the second quarter of 2021 for leave taken before April 1, 2021, complete Worksheet 1 before starting this worksheet. **Caution:** Use Worksheet 4 to figure the employee retention credit for qualified wages paid in the third and fourth quarters of 2021.

Step 1.	Determine the employer share of social security tax for the second quarter of 2021 after it is reduced by any credit claimed on Form 8974 and any credit to be claimed on Form 5884-C and/or Form 5884-D	
1a	If you completed Worksheet 1 for the second quarter of 2021 to claim a credit for qualified sick and family leave wages for leave taken before April 1, 2021, enter the amount from Worksheet 1, Step 1, line 1l, and go to Step 2. If you're not claiming a credit for qualified sick and family leave wages for leave taken before April 1, 2021, continue by completing lines 1b-1n below and then go to Step 2	1a _____
1b	Enter the amount of social security tax from Form 941-SS, Part 1, line 5a , column 2	1b _____
1c	Enter the amount of social security tax from Form 941-SS, Part 1, line 5b , column 2	1c _____
1d	Add lines 1b and 1c	1d _____
1e	Multiply line 1d by 50% (0.50)	1e _____
1f	If you're a third-party payer of sick pay that isn't an agent and you're claiming credits for amounts paid to your employees, enter the employer share of social security tax included on Form 941-SS, Part 1, line 8 (enter as a positive number)	1f _____
1g	Subtract line 1f from line 1e	1g _____
1h	If you received a Section 3121(q) Notice and Demand during the quarter, enter the amount of the employer share of social security tax from the notice	1h _____
1i	Employer share of social security tax. Add lines 1g and 1h	1i _____
1j	Enter the amount from Form 941-SS, Part 1, line 11a (credit from Form 8974)	1j _____
1k	Enter the amount to be claimed on Form 5884-C, line 11, for this quarter	1k _____
1l	Enter the amount to be claimed on Form 5884-D, line 12, for this quarter	1l _____
1m	Total nonrefundable credits already used against the employer share of social security tax. Add lines 1j, 1k, and 1l	1m _____
1n	Employer share of social security tax remaining. Subtract line 1m from line 1i	1n _____
Step 2.	Figure the employee retention credit for the second quarter of 2021 Caution: The total amount included on lines 2a and 2b can't exceed \$10,000 per employee.	
2a	Qualified wages (excluding qualified health plan expenses) for the employee retention credit (Form 941-SS, Part 3, line 21)	2a _____
2b	Qualified health plan expenses allocable to qualified wages for the employee retention credit (Form 941-SS, Part 3, line 22)	2b _____
2c	Add lines 2a and 2b	2c _____
2d	Retention credit. Multiply line 2c by 70% (0.70)	2d _____
2e	Enter the amount of the employer share of social security tax from Step 1, line 1a, or, if applicable, Step 1, line 1n	2e _____
2f	Enter any second quarter amount of the nonrefundable portion of the credit for qualified sick and family leave wages for leave taken before April 1, 2021, from Worksheet 1, Step 2, line 2j	2f _____
2g	Subtract line 2f from line 2e	2g _____
2h	Nonrefundable portion of employee retention credit. Enter the smaller of line 2d or line 2g. Enter this amount on Form 941-SS, Part 1, line 11c	2h _____
2i	Refundable portion of employee retention credit. Subtract line 2h from line 2d and enter this amount on Form 941-SS, Part 1, line 13d	2i _____

Worksheet 3. Credit for Qualified Sick and Family Leave Wages for Leave Taken After March 31, 2021, and Before October 1, 2021

Determine how you will complete this worksheet. (If you're a third-party payer, you must complete this worksheet for each client for which it is applicable, on a client-by-client basis.)

If you paid qualified sick leave wages and/or qualified family leave wages this quarter for leave taken after March 31, 2021, and before October 1, 2021, complete Step 1 and Step 2. **Caution:** Use Worksheet 1 to figure the credit for qualified sick and family leave wages for leave taken before April 1, 2021.

Step 1. Determine the employer share of Medicare tax		
1a	Enter the amount of Medicare tax from Form 941-SS, Part 1, line 5c , column 2	1a _____
1b	Multiply line 1a by 50% (0.50)	1b _____
1c	If you're a third-party payer of sick pay that isn't an agent and you're claiming credits for amounts paid to your employees, enter the employer share of Medicare tax included on Form 941-SS, Part 1, line 8 (enter as a positive number)	1c _____
1d	Subtract line 1c from line 1b	1d _____
1e	If you received a Section 3121(q) Notice and Demand during the quarter, enter the amount of the employer share of Medicare tax from the notice	1e _____
1f	Employer share of Medicare tax. Add lines 1d and 1e	1f _____
Step 2. Figure the sick and family leave credit		
2a	Qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941-SS, Part 3, line 23)	2a _____
2a(i)	Qualified sick leave wages included on Form 941-SS, Part 3, line 23, that were not included as wages reported on Form 941-SS, Part 1, lines 5a and 5c, because the qualified sick leave wages were excluded from the definition of employment under sections 3121(b)(1)-(22)	2a(i) _____
2a(ii)	Subtract line 2a(i) from line 2a	2a(ii) _____
2a(iii)	Qualified sick leave wages included on Form 941-SS, Part 3, line 23, that were not included as wages reported on Form 941-SS, Part 1, line 5a, because the qualified sick leave wages were limited by the social security wage base	2a(iii) _____
2a(iv)	Subtract line 2a(iii) from line 2a(ii)	2a(iv) _____
2b	Qualified health plan expenses allocable to qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941-SS, Part 3, line 24)	2b _____
2c	Amounts under certain collectively bargained agreements allocable to qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941-SS, Part 3, line 25)	2c _____
2d	Employer share of social security tax on qualified sick leave wages. Multiply line 2a(iv) by 6.2% (0.062)	2d _____
2e	Employer share of Medicare tax on qualified sick leave wages. Multiply line 2a(ii) by 1.45% (0.0145)	2e _____
2f	Credit for qualified sick leave wages. Add lines 2a, 2b, 2c, 2d, and 2e	2f _____
2g	Qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941-SS, Part 3, line 26)	2g _____
2g(i)	Qualified family leave wages included on Form 941-SS, Part 3, line 26, that were not included as wages reported on Form 941-SS, Part 1, lines 5a and 5c, because the qualified family leave wages were excluded from the definition of employment under sections 3121(b)(1)-(22)	2g(i) _____
2g(ii)	Subtract line 2g(i) from line 2g	2g(ii) _____
2g(iii)	Qualified family leave wages included on Form 941-SS, Part 3, line 26, that were not included as wages reported on Form 941-SS, Part 1, line 5a, because the qualified family leave wages were limited by the social security wage base	2g(iii) _____
2g(iv)	Subtract line 2g(iii) from line 2g(ii)	2g(iv) _____
2h	Qualified health plan expenses allocable to qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941-SS, Part 3, line 27)	2h _____
2i	Amounts under certain collectively bargained agreements allocable to qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941-SS, Part 3, line 28)	2i _____
2j	Employer share of social security tax on qualified family leave wages. Multiply line 2g(iv) by 6.2% (0.062)	2j _____
2k	Employer share of Medicare tax on qualified family leave wages. Multiply line 2g(ii) by 1.45% (0.0145)	2k _____
2l	Credit for qualified family leave wages. Add lines 2g, 2h, 2i, 2j, and 2k	2l _____
2m	Credit for qualified sick and family leave wages. Add lines 2f and 2l	2m _____
2n	For second quarter of 2021 only, enter any employee retention credit claimed under section 2301 of the CARES Act (from Worksheet 2, line 2d) with respect to any wages taken into account for the credit for qualified sick and family leave wages for the quarter	2n _____
2o	Enter any credit claimed under section 41 for increasing research activities with respect to any wages taken into account for the credit for qualified sick and family leave wages	2o _____
2p	Add lines 2n and 2o	2p _____
2q	Credit for qualified sick and family leave wages after adjusting for other credits. Subtract line 2p from line 2m	2q _____
2r	Nonrefundable portion of credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021. Enter the smaller of line 1f or line 2q. Enter this amount on Form 941-SS, Part 1, line 11d	2r _____
2s	Refundable portion of credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021. Subtract line 2r from line 2q and enter this amount on Form 941-SS, Part 1, line 13e	2s _____

Worksheet 4. Employee Retention Credit for Third and Fourth Quarters of 2021 Only (Qualified Wages Paid After June 30, 2021)

Determine how you will complete this worksheet. (If you're a third-party payer, you must complete this worksheet for each client for which it is applicable, on a client-by-client basis.)

If you paid qualified wages after June 30, 2021, for purposes of the employee retention credit, complete Step 1 and Step 2. If you're claiming a credit for qualified sick and family leave wages in this quarter for leave taken after March 31, 2021, complete Worksheet 3 before starting this worksheet.

Caution: Use Worksheet 2 to figure the employee retention credit for qualified wages paid in the second quarter of 2021.

Step 1. Determine the employer share of Medicare tax

- 1a If you completed Worksheet 3 to claim a credit for qualified sick and family leave wages for leave taken after March 31, 2021, enter the amount from Worksheet 3, Step 1, line 1f, and go to Step 2. If you're not claiming a credit for qualified sick and family leave wages for leave taken after March 31, 2021, continue by completing lines 1b–1g below and then go to Step 2 1a _____
- 1b Enter the amount of Medicare tax from Form 941-SS, Part 1, [line 5c](#), column 2 1b _____
- 1c Multiply line 1b by 50% (0.50) 1c _____
- 1d If you're a third-party payer of sick pay that isn't an agent and you're claiming credits for amounts paid to your employees, enter the employer share of Medicare tax included on Form 941-SS, Part 1, [line 8](#) (enter as a positive number) 1d _____
- 1e Subtract line 1d from line 1c 1e _____
- 1f If you received a Section 3121(q) Notice and Demand during the quarter, enter the amount of the employer share of Medicare tax from the notice 1f _____
- 1g **Employer share of Medicare tax.** Add lines 1e and 1f 1g _____

Step 2. Figure the employee retention credit

Caution: Under the Infrastructure Act, you must be a recovery startup business to claim the employee retention credit for qualified wages paid after September 30, 2021, and before January 1, 2022 (fourth quarter 2021). The total amount included on lines 2a and 2b can't exceed \$10,000 per employee each quarter.

- 2a Qualified wages (excluding qualified health plan expenses) for the employee retention credit (Form 941-SS, Part 3, [line 21](#)) 2a _____
- 2b Qualified health plan expenses allocable to qualified wages for the employee retention credit (Form 941-SS, Part 3, [line 22](#)) 2b _____
- 2c Add lines 2a and 2b 2c _____
- 2d **Retention credit.** Multiply line 2c by 70% (0.70). If you qualify for the employee retention credit **solely** because your business is a recovery startup business, don't enter more than \$50,000 per quarter. 2d _____
- 2e Enter the amount of the employer share of Medicare tax from Step 1, line 1a, or, if applicable, Step 1, line 1g 2e _____
- 2f Enter any amount of the nonrefundable portion of the credit for qualified sick and family leave wages for leave taken after March 31, 2021, from Worksheet 3, Step 2, line 2r 2f _____
- 2g Subtract line 2f from line 2e 2g _____
- 2h **Nonrefundable portion of employee retention credit.** Enter the smaller of line 2d or line 2g. Enter this amount on Form 941-SS, Part 1, line 11c 2h _____
- 2i **Refundable portion of employee retention credit.** Subtract line 2h from line 2d and enter this amount on Form 941-SS, Part 1, line 13d 2i _____

Determine how you will complete this worksheet. (If you're a third-party payer, you must complete this worksheet for each client for which it is applicable, on a client-by-client basis. If you're a third-party payer that is treated as the person to whom premiums are payable, you must complete this worksheet for yourself as well.)

If you provided COBRA premium assistance in the quarter, complete Step 1 and Step 2. If you're claiming the credit for qualified sick and family leave wages this quarter for leave taken after March 31, 2021, complete Worksheet 3 before starting this worksheet. If you're claiming this credit for the third or fourth quarter of 2021 and you are also claiming an employee retention credit for wages paid in the same quarter of 2021, complete Worksheet 4 before starting this worksheet.

Step 1. Determine the employer share of Medicare tax

- 1a If you completed Worksheet 3 or Worksheet 4, enter the amount listed on Worksheet 3, line 1f, or Worksheet 4, line 1a or 1g (as applicable). If you're not claiming either of these credits this quarter, continue by completing lines 1b–1g below and then go to Step 2 1a _____
- 1b Enter the amount of Medicare tax from Form 941-SS, Part 1, [line 5c](#), column 2 1b _____
- 1c Multiply line 1b by 50% (0.50) 1c _____
- 1d If you're a third-party payer of sick pay that isn't an agent and you're claiming credits for amounts paid to your employees, enter the employer share of Medicare tax included on Form 941-SS, Part 1, [line 8](#) (enter as a positive number) 1d _____
- 1e Subtract line 1d from line 1c 1e _____
- 1f If you received a Section 3121(q) Notice and Demand during the quarter, enter the amount of the employer share of Medicare tax from the notice 1f _____
- 1g **Employer share of Medicare tax.** Add lines 1e and 1f 1g _____

Step 2. Figure the COBRA premium assistance credit

- 2a Enter the COBRA premium assistance that you provided this quarter 2a _____
- 2b Enter the amount of the employer share of Medicare tax from Step 1, line 1a, or, if applicable, Step 1, line 1g 2b _____
- 2c Enter any amount of the nonrefundable portion of the credit for qualified sick and family leave wages for leave taken after March 31, 2021, from Worksheet 3, Step 2, line 2r 2c _____
- 2d Enter any amount of the nonrefundable portion of the employee retention credit from Worksheet 4, Step 2, line 2h 2d _____
- 2e **Other nonrefundable credits used against the employer share of Medicare tax.** Add lines 2c and 2d 2e _____
- 2f Subtract line 2e from line 2b 2f _____
- 2g **Nonrefundable portion of the COBRA premium assistance credit.** Enter the smaller of line 2a or line 2f. Enter this amount on Form 941-SS, Part 1, line 11e 2g _____
- 2h **Refundable portion of the COBRA premium assistance credit.** Subtract line 2g from line 2a and enter this amount on Form 941-SS, Part 1, line 13f 2h _____