



# Instructions for Form 944

## Employer's ANNUAL Federal Tax Return

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

### Future Developments

For the latest information about developments related to Form 944 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form944](https://www.irs.gov/Form944).

### What's New

#### Changes to Form 944 for coronavirus (COVID-19) related employment tax credits and other tax relief.

The following significant changes have been made to Form 944 to allow for the reporting of new employment tax credits and other tax relief related to COVID-19.

- The new credit for qualified sick and family leave wages is reported on line 8b and, if applicable, line 10d. The employee share of social security tax on qualified sick and family leave wages is reported on lines 4a(i) and 4a(ii). Qualified sick and family leave wages aren't subject to the employer share of social security tax. Qualified sick and family leave wages not included on lines 4a(i) and 4a(ii) because the wages reported on that line are limited by the social security wage base are included on line 4c. Qualified health plan expenses allocable to qualified sick and family leave wages are reported on lines 15 and 16. See the instructions for [line 8b](#) for information about the new credit for qualified sick and family leave wages.
- The new employee retention credit is reported on line 8c and, if applicable, line 10e. Qualified wages (excluding qualified health plan expenses) for the employee retention credit are reported on line 17 (these amounts should also be included as wages on lines 4a and 4c, and, if applicable, line 4d). Qualified health plan expenses allocable to the qualified wages for the employee retention credit are reported on line 18. See the instructions for [line 8c](#) for information about the new employee retention credit.
- Employers, including government employers, can defer the deposit of the employer share of social security tax due on or after March 27, 2020, and before January 1, 2021, as well as payment due for the employer share of social security tax for wages paid on or after March 27, 2020, and before January 1, 2021. The amount of deferral is reported on line 10b. See the instructions for [line 10b](#) for more information.
- Employers could defer the withholding and payment of the employee share of social security tax on wages paid on or after September 1, 2020, and before January 1, 2021, but only if the amount of wages for a biweekly pay period were less than \$4,000 (or an equivalent amount for other pay periods). The amount of deferral is reported on line 10c. See the instructions for [line 10c](#) for more information.
- Employers that requested an advance of the sick and family leave credit and/or the employee retention credit

would have filed Form 7200, Advance Payment of Employer Credits Due to COVID-19. The amount of all advances received from Forms 7200 filed for the year is reported on line 10g. See the instructions for [line 10g](#) for more information.

- The credit for qualified sick and family leave wages (reported on lines 8b and 10d) and the employee retention credit (reported on lines 8c and 10e) are figured on [Worksheet 1](#).

**New filing addresses.** The filing addresses have changed for some employers. See [Where Should You File](#), later, before filing your return.

**Social security and Medicare tax for 2020.** The rate of social security tax on taxable wages, except for qualified sick leave wages and qualified family leave wages, is 6.2% (0.062) each for the employer and employee or 12.4% (0.124) for both. Qualified sick leave wages and qualified family leave wages aren't subject to the employer share of social security tax; therefore, the tax rate on these wages is 6.2% (0.062). The social security wage base limit is \$137,700.

The Medicare tax rate is 1.45% (0.0145) each for the employee and employer, unchanged from 2019. There is no wage base limit for Medicare tax.

Social security and Medicare taxes apply to the wages of household workers you pay \$2,200 or more in cash wages in 2020. Social security and Medicare taxes apply to election workers who are paid \$1,900 or more in cash or an equivalent form of compensation in 2020.

### Reminders

**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 first Form 944 that you could claim this credit on was Form 944 filed for calendar year 2017. 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 year. The amount from Form 8974, line 12, is reported on Form

944, line 8a. If you're claiming the research payroll tax credit on your Form 944, you must attach Form 8974 to Form 944. 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](https://www.irs.gov/irb/2017-16_IRB#NOT-2017-23), and [IRS.gov/ResearchPayrollTC](https://www.irs.gov/ResearchPayrollTC). Also see [Adjusting tax liability for nonrefundable credits claimed on lines 8a, 8b, and 8c](#), later.

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

**Employers can request to file Forms 941, 941-SS, or 941-PR instead of Form 944.** Employers required to file Form 944, who want to file Forms 941, 941-SS, or 941-PR instead, must contact the IRS to request to file quarterly Forms 941, 941-SS, or 941-PR and opt out of filing Form 944. See [What if You Want To File Forms 941, 941-SS, or 941-PR Instead of Form 944](#), later.

**Correcting a previously filed Form 944.** If you discover an error on a previously filed Form 944, make the correction using Form 944-X. Form 944-X is filed separately from Form 944. For more information, see the Instructions for Form 944-X, section 13 of Pub. 15, or go to [IRS.gov/CorrectingEmploymentTaxes](https://www.irs.gov/CorrectingEmploymentTaxes).

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

For more information on making federal tax deposits, see section 11 of Pub. 15; section 8 of Pub. 80, Federal Tax Guide for Employers in the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands; or section 11 of Pub. 179, Guía Contributiva Federal para Patronos Puertorriqueños. To get more information about EFTPS or to enroll in EFTPS, go to [EFTPS.gov](https://www.eftps.gov) or call one of the following numbers.

- 800-555-4477
- 800-733-4829 (TDD)
- 800-244-4829 (Spanish)
- 303-967-5916 if you're outside the United States (toll call)

Additional information about EFTPS is also available in Pub. 966 or Pub. 966 (SP).



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

**Same-day wire payment option.** If you fail to submit a deposit transaction on EFTPS by 8 p.m. Eastern time the

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

**Timeliness of federal tax deposits.** If a deposit is required to be made on a day that isn't a business day, the deposit is considered timely if it is made by the close of the next business day. A business day is any day other than a Saturday, Sunday, or legal holiday. The term "legal holiday" for deposit purposes includes only those legal holidays in the District of Columbia. Legal holidays in the District of Columbia are provided in Pub. 15, Pub. 80, and Pub. 179.

**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](https://www.irs.gov/EmploymentEfile) for more information. A fee may be charged to file electronically.
- For EFTPS, go to [EFTPS.gov](https://www.eftps.gov) or call EFTPS at one of the numbers provided under [Federal tax deposits must be made by electronic funds transfer \(EFT\)](#), earlier.
- For electronic filing of Forms W-2, Wage and Tax Statement, go to [SSA.gov/employer](https://www.ssa.gov/employer). You may be required to file Forms W-2 electronically. For details, see the General Instructions for Forms W-2 and W-3.



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

**Credit or debit card payments.** You can pay the balance due shown on Form 944 by credit or debit card. Your payment will be processed by a payment processor who will charge a processing fee. Don't use a credit or debit card to make federal tax deposits. For more information on paying your taxes with a credit or debit card, go to [IRS.gov/PayByCard](https://www.irs.gov/PayByCard).

**Online payment agreement.** You may be eligible to apply for an installment agreement online if you can't pay the full amount of tax you owe when you file your return.

For more information, see [What if you can't pay in full](#), later.

**Paid preparers.** If you use a paid preparer to complete Form 944, the paid preparer must complete and sign the paid preparer's section of the form.

**Outsourcing payroll duties.** 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](#) for helpful information on this topic. For more information on the different types of third-party payer arrangements, see section 16 of Pub. 15.

**Where can you get telephone help?** For answers to your questions about completing Form 944 or tax deposit rules, call the IRS at one of the numbers listed below.

- 800-829-4933 (Business and Specialty Tax Line) or 800-829-4059 (TDD/TTY for persons who are deaf, hard of hearing, or have a speech disability), Monday–Friday from 7:00 a.m. to 7:00 p.m. local time (Alaska and Hawaii follow Pacific time; employers in Puerto Rico receive service from 8:00 a.m. to 8:00 p.m. local time).
- 267-941-1000 if you're outside the United States (toll call), Monday–Friday from 6:00 a.m. to 11:00 p.m. Eastern time.

**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.

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## General Instructions

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### Purpose of Form 944

Form 944 is designed so the smallest employers (those whose annual liability for social security, Medicare, and withheld federal income taxes is \$1,000 or less) will file and pay these taxes only once a year instead of every quarter. These instructions give you some background information about Form 944. They tell you who must file Form 944, how to complete it line by line, and when and where to file it.

If you want more in-depth information about payroll tax topics relating to Form 944, see Pub. 15, Pub. 80, Pub. 179, or go to [IRS.gov/EmploymentTaxes](#).

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

Under the withholding system, taxes withheld from your employees are credited to your employees in payment of their tax liabilities.



*References to federal income tax withholding don't apply to employers in American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, and Puerto Rico, unless you have employees who are subject to U.S. income tax withholding.*

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

For more information about annual employment tax filing and tax deposit rules, see Treasury Decision 9566, 2012-8 I.R.B. 389, at [IRS.gov/irb/2012-08\\_IRB#TD-9566](#).

### Who Must File Form 944?

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In general, if the IRS has notified you to file Form 944, you must file Form 944 instead of Forms 941, 941-SS, or 941-PR to report the following amounts.

- Wages you have paid.
- Tips your employees reported to you.
- Federal income tax you withheld.
- Both the employer and the employee share of social security and Medicare taxes.
- Additional Medicare Tax withheld from employees.
- Current year's adjustments to social security and Medicare taxes for fractions of cents, sick pay, tips, and group-term life insurance.
- Deferred amount of the employer share of social security tax.
- Deferred amount of the employee share of social security tax.
- Qualified small business payroll tax credit for increasing research activities.
- Credit for qualified sick and family leave wages.
- Employee retention credit.

If you received notification to file Form 944, you must file Form 944 to report your social security, Medicare, and withheld federal income taxes for the 2020 calendar year unless you called the IRS between January 1, 2020, and April 1, 2020, or sent a written request postmarked between January 1, 2020, and March 16, 2020, to request to file Forms 941, 941-SS, or 941-PR quarterly instead and received written confirmation that your filing requirement was changed. You must file Form 944 even if you have no taxes to report (or you have taxes in excess of \$1,000 to report) unless you filed a final return for the prior year. See [If Your Business Has Closed...](#), later. Also see [What if You Want To File Forms 941, 941-SS, or 941-PR Instead of Form 944](#), later.



*If the IRS notified you in writing to file Form 944, you must file Form 944 (and not Forms 941, 941-SS, or 941-PR) even if your tax liability for 2020 exceeds \$1,000. Once your annual tax liability exceeds \$1,000, the IRS will notify you that you're no longer eligible to file Form 944 in future years and that you must file Form 941, 941-SS, or 941-PR quarterly. However, until you receive the notice, continue to file*

Form 944 annually. If you're unsure of your current filing requirement, call 800-829-4933. If you're outside the United States, call 267-941-1000 (toll call).

## What if You Want To File Form 944 in Future Years Instead of Forms 941, 941-SS, or 941-PR?

If you haven't received notification to file Form 944 for 2021 but estimate your employment tax liability for calendar year 2021 will be \$1,000 or less and would like to file Form 944 instead of Forms 941, 941-SS, or 941-PR, you can contact the IRS to request to file Form 944 for 2021. To file Form 944 for calendar year 2021, you must call the IRS at 800-829-4933 (267-941-1000 (toll call) if you're outside the United States) between January 1, 2021, and April 1, 2021, or send a written request postmarked between January 1, 2021, and March 15, 2021. The mailing addresses for written requests are provided under [What if You Want To File Forms 941, 941-SS, or 941-PR Instead of Form 944](#), later. The IRS will send you a written notice that your filing requirement has been changed to Form 944. If you don't receive this notice, you must file Forms 941, 941-SS, or 941-PR for calendar year 2021.

## New Employers

New employers are also eligible to file Form 944 if they will meet the eligibility requirements. New employers filing Form SS-4, Application for Employer Identification Number, or Form SS-4PR, Solicitud de Número de Identificación Patronal (EIN), must complete line 13 of Form SS-4 or SS-4PR, indicating the highest number of employees expected in the next 12 months, and must check the box on line 14 of Form SS-4 or SS-4PR to indicate whether they expect to have \$1,000 or less in employment tax liability for the calendar year and would like to file Form 944. Based on current tax rates, if you pay \$5,000 or less in wages subject to social security and Medicare taxes and federal income tax withholding during the calendar year, you're generally likely to pay \$1,000 or less in employment taxes. Generally, if you're an employer in Puerto Rico, American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, or the U.S. Virgin Islands and you pay \$6,536 or less in wages subject to social security and Medicare taxes during the calendar year, you're likely to pay \$1,000 or less in employment taxes. New employers are advised of their employment tax filing requirement when they are issued their EIN.

## What if You Want To File Forms 941, 941-SS, or 941-PR Instead of Form 944?

You must file Form 944 if the IRS has notified you to do so, unless the IRS notifies you to file quarterly Forms 941, 941-SS, or 941-PR instead, or you contact the IRS to request to file those forms. To request to file quarterly Forms 941, 941-SS, or 941-PR to report your social security, Medicare, and withheld federal income taxes for the 2021 calendar year, call the IRS at 800-829-4933 (267-941-1000 (toll call) if you're outside the United States) between January 1, 2021, and April 1, 2021, or send a written request postmarked between January 1,

2021, and March 15, 2021. Written requests should be sent to:

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

or  
Department of the Treasury  
Internal Revenue Service  
Cincinnati, OH 45999-0038

If you would mail your return filed without a payment to Ogden, as shown under [Where Should You File](#), later, send your request to the Ogden address shown above. If you would mail your return filed without a payment to Kansas City, send your request to the address for Cincinnati shown above. After you contact the IRS, the IRS will send you a written notice that your filing requirement has been changed. If you don't receive this notice, you must file Form 944 for calendar year 2021. 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](#).

## Who Can't File Form 944?

The following employers can't file Form 944.

- **Employers who aren't notified.** If the IRS doesn't notify you to file Form 944, don't file Form 944. If you would like to file Form 944 instead of Forms 941, 941-SS, or 941-PR, see [What if You Want To File Form 944 in Future Years Instead of Forms 941, 941-SS, or 941-PR](#), earlier.
- **Household employers.** If you employ only household employees, don't file Form 944. For more information, see Pub. 926 and Schedule H (Form 1040), or Pub. 179 and Schedule H-PR.
- **Agricultural employers.** If you employ only agricultural employees, don't file Form 944. For more information, see Pub. 51 and Form 943, or Pub. 179 and Form 943-PR.

## What if You Reorganize or Close Your Business?

### If You Sell or Transfer Your Business...

If you sell or transfer your business during the year, you and the new owner must each file a Form 944, 941, 941-SS, or 941-PR, whichever is required, for the year in which the transfer occurred. Report only the wages you paid.

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

Changing from one form of business to another—such as from a sole proprietorship to a partnership or corporation—is considered a transfer. If a transfer occurs, you may need a new EIN. See Pub. 1635 and section 1 of Pub. 15 for more information.

Attach a statement to your return with all the following information.

- 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.
- 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 944 for a particular year is your final return, check the box on line 14 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.

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?

For 2020, file Form 944 by February 1, 2021. However, if you made deposits on time in full payment of the taxes due for the year, you may file the return by February 10, 2021.

File Form 944 only once for each calendar year. If you filed Form 944 electronically, don't file a paper Form 944. For more information about filing Form 944 electronically, see [Electronic filing and payment](#), earlier.

If we receive Form 944 after the due date, we will treat Form 944 as filed on time if the envelope containing Form 944 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 944 filed when it is actually received. For more information about PDSs, see [Where Should You File](#), later.

### How Should You Complete Form 944?

Enter your EIN, name, and address in the spaces provided. Also enter your name and EIN at 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 that you used when you applied for your EIN. For example, if you're a sole proprietor, enter "Tyler Smith" on the *Name* line and "Tyler's Cycles" on the *Trade name* line. Leave the *Trade name* line blank if it is the same as your *Name* line.

If you use a tax preparer to complete Form 944, make sure the preparer uses your correct business name and 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. If you're outside the United States, call 267-941-1000 (toll call).

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



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



*Always be sure the EIN on the form you file exactly matches the EIN the IRS assigned to your business. Don't use your SSN or ITIN on forms that ask for an EIN. Filing a Form 944 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 944. For a definition of "responsible party," see the Instructions for Form SS-4.

### Completing and Filing Form 944

Make entries on Form 944 as follows to enable accurate processing.

- Use 12-point Courier font (if possible) for all entries if you're typing or using a computer to complete Form 944. 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. Report 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 with a value of zero (except line 9).
- Enter negative amounts using a minus sign (if possible). Otherwise, use parentheses.

- Enter your name and EIN on all pages.
- Enter your name, EIN, "Form 944," and tax period 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 944 and sign on page 3. Failure to do so may delay processing of your return.

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

To notify employees about the EIC, employers in the United States must give the employees one of the following items.

- Form W-2 which has the required information about the EIC on the back of Copy B.
- A substitute Form W-2 with the same EIC information on the back of the employee's copy that is on the back of Copy B of the IRS Form W-2.
- Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit (EIC).
- Your written statement with the same wording as Notice 797.

For more information, see section 10 of Pub. 15, Pub. 596, and [IRS.gov/EIC](https://www.irs.gov/EIC).

### Reconciling Form 944 and Form W-3, W-3SS, or W-3PR

The IRS matches amounts reported on your Form 944 with Form W-2, W-2AS, W-2GU, W-2CM, W-2VI, or Form

499R-2/W-2PR amounts totaled on your Form W-3 or W-3SS, Transmittal of Wage and Tax Statements, or Form W-3PR, Informe de Comprobantes de Retención. If the amounts don't agree, you may be contacted by the IRS or the SSA. The following amounts are reconciled.

- Federal income tax withholding, if applicable.
- Social security wages.
- Social security tips.
- Medicare wages and tips.

For more information, see section 12 of Pub. 15.

### Where Should You File?

You're encouraged to file Form 944 electronically. Go to [IRS.gov/EmploymentEfile](https://www.irs.gov/employmentefile) for more information on electronic filing. If you file a paper return, where you file depends on whether you include a payment with Form 944. Mail your return to the address listed for your location in the table that follows.

PDSs can't deliver to P.O. boxes. You must use the U.S. Postal Service to mail an item to a P.O. box address. Go to [IRS.gov/PDS](https://www.irs.gov/PDS) for the current list of PDSs. For the IRS mailing address to use if you're using a PDS, go to [IRS.gov/PDSstreetAddresses](https://www.irs.gov/PDSstreetAddresses). Select the mailing address listed on the webpage that is in the same state as the address to which you would mail returns filed without a payment, as shown next.

### Mailing Addresses for Form 944

If you're in . . .	Without a payment . . .	With a payment . . .
Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, Wisconsin	Department of the Treasury Internal Revenue Service Kansas City, MO 64999-0044	Internal Revenue Service P.O. Box 806532 Cincinnati, OH 45280-6532
Alabama, Alaska, Arizona, Arkansas, California, Colorado, Florida, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming	Department of the Treasury Internal Revenue Service Ogden, UT 84201-0044	Internal Revenue Service P.O. Box 932100 Louisville, KY 40293-2100
No legal residence or principal place of business in any state	Internal Revenue Service P.O. Box 409101 Ogden, UT 84409	Internal Revenue Service P.O. Box 932100 Louisville, KY 40293-2100
<b>Special filing address</b> for exempt organizations; federal, state, and local governmental entities; and Indian tribal governmental entities, regardless of location	Department of the Treasury Internal Revenue Service Ogden, UT 84201-0044	Internal Revenue Service P.O. Box 932100 Louisville, KY 40293-2100



**CAUTION** Your filing address may have changed from that used to file your employment tax return in prior years. Don't send Form 944 or any payments to the Social Security Administration (SSA).

### Must You Deposit Your Taxes?

If your liability for withheld federal income tax and social security and Medicare taxes (Form 944, line 9) is less than \$2,500 for the year, you can pay the taxes with your return. To avoid a penalty, you should pay in full and file

on time. You don't have to deposit the taxes. However, you may choose to make deposits of these taxes even if your liability is less than \$2,500. If your liability for these taxes is \$2,500 or more, you're generally required to deposit the taxes instead of paying them when you file Form 944. See the [Federal Tax Deposit Requirements for Form 944 Filers](#) chart, later. If you don't deposit the taxes when required, you may be subject to penalties and interest.

The \$2,500 threshold at which federal tax deposits must be made is different from the amount of annual tax liability (\$1,000 or less) that makes an employer eligible to file Form 944. Form 944 filers whose businesses grow during the year may be required to make federal tax deposits (see chart next), but they will still file Form 944 for the year.

## Federal Tax Deposit Requirements for Form 944 Filers

If Your Tax Liability is:	Your Deposit Requirement is:
Less than \$2,500 for the year	No deposit required. You may pay the tax with your return. If you're unsure that your tax liability for the year will be less than \$2,500, deposit under the rules below.
\$2,500 or more for the year, but less than \$2,500 for the quarter	You can deposit by the last day of the month after the end of a quarter. However, if your fourth quarter tax liability is less than \$2,500, you may pay the fourth quarter's tax liability with Form 944.
\$2,500 or more for the quarter	You must deposit monthly or semiweekly depending on your deposit schedule. But, if you accumulate \$100,000 or more of taxes on any day, you must deposit the tax by the next business day. See section 11 of Pub. 15, section 8 of Pub. 80, or section 11 of Pub. 179.

See section 11 of Pub. 15, section 8 of Pub. 80, or section 11 of Pub. 179 for information about payments made under the accuracy of deposits rule.

**Note.** When you make deposits depends on your deposit schedule, which is either monthly or semiweekly, depending on the amount of your tax liability during the lookback period. The lookback period for Form 944 filers is different from the lookback period for Form 941, 941-SS, and 941-PR filers, so your deposit schedule may have changed. For more information, see section 11 of Pub. 15, section 8 of Pub. 80, or section 11 of Pub. 179. The \$100,000 tax liability threshold requiring a next-day deposit is determined before you consider any reduction of your liability for nonrefundable credits. See [IRS.gov/ETD](#) for more information.

**Deferring your deposits.** Employers can defer the deposit of the employer share of social security tax due on or after March 27, 2020, and before January 1, 2021, as well as payment due for the employer share of social security tax for wages paid on or after March 27, 2020, and before January 1, 2021. The deferral applies before any of the nonrefundable credits claimed on line 8a, 8b, or 8c. However, the deferral doesn't reduce the amount of the employer share of social security tax used to figure those nonrefundable credits. See the instructions for [line 10b](#) for more information about the deferral of the employer share of social security tax. Employers could also defer the withholding and payment of the employee

share of social security tax on wages paid on or after September 1, 2020, and on or before December 31, 2020, but only if the amount of social security wages for a biweekly pay period was less than \$4,000 (or an equivalent amount for other pay periods). The amount of the employee deferral is reported on line 10c. See the instructions for [line 10c](#) for more information.

### Reducing your deposits for COVID-19 credits.

Employers eligible to claim the credit for qualified sick and family leave wages and/or the employee retention credit can reduce their deposits by the amount of their anticipated credits. Employers won't be subject to a failure-to-deposit (FTD) penalty for reducing their deposits if certain conditions are met. See the instructions for [line 8b](#) and [line 8c](#) for more information on these credits. This reduction in deposits is in addition to the ability employers have to reduce their deposits by the amount of the employer share of social security tax they defer. 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](#), and [IRS.gov/ETD](#). Also see [IRS.gov/ERC](#) and [IRS.gov/PLC](#) for more information, including examples, about reducing deposits. See the instructions for [line 13](#), later, for instructions on how to adjust your tax liabilities reported on line 13 or Form 945-A for nonrefundable credits.

## What About Penalties and Interest?

### Avoiding Penalties and Interest

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

- Deposit or pay your taxes when they are due, unless you meet the requirements discussed in [Notice 2020-22](#) or [IRS.gov/ETD](#), or you have chosen to use the relief provided in Notice 2020-65, 2020-38 I.R.B. 567, available at [IRS.gov/irb/2020-38\\_IRB#NOT-2020-65](#).
- File your fully completed Form 944 on time.
- Report your tax liability accurately.
- Submit valid checks for tax payments.
- Give accurate Forms W-2, W-2AS, W-2GU, W-2CM, W-2VI, or Form 499R-2/W-2PR to employees.
- File Form W-3, W-3SS, or W-3PR and Copies A of Forms W-2, W-2AS, W-2GU, W-2CM, W-2VI, or Form 499R-2/W-2PR with the SSA on time and accurately. Go to [SSA.gov/employer](#) for information on how to file Forms W-2 electronically.

Penalties and interest are charged on taxes paid late and returns filed late at a rate set by law. See sections 11 and 12 of Pub. 15, section 8 of Pub. 80, or section 11 of Pub. 179 for details. Use Form 843 to request abatement of assessed penalties or interest. Don't request abatement of assessed penalties or interest on Form 944, 944-X, 944-X (SP), 941-X, or 941-X (PR).

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





*If federal income, social security, and Medicare taxes that must be withheld (that is, trust fund taxes) aren't withheld or aren't deposited or paid*

to the United States Treasury, the trust fund recovery penalty may apply. The penalty is 100% of the unpaid trust fund tax. If these unpaid taxes can't be immediately collected from the employer or business, the trust fund recovery penalty may be imposed on all persons who are determined by the IRS to be responsible for collecting, accounting for, or paying over these taxes, and who acted willfully in not doing so. For more information, see section 11 of Pub. 15, section 8 of Pub. 80, or section 11 of Pub. 179. 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 properly deferred under [Notice 2020-65](#) before May 1, 2021.

## Specific Instructions

### Part 1: Answer These Questions for This Year

 **TIP** Employers in American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, and Puerto Rico may skip lines 1 and 2, unless you have employees who are subject to U.S. income tax withholding.

 **TIP** For purposes of these instructions, all references to "sick pay" mean ordinary sick pay, not "qualified sick leave wages" that are reported on line 4a(i).

#### 1. Wages, Tips, and Other Compensation

Enter amounts on line 1 that would also be included in box 1 of your employees' Forms W-2. See *Box 1—Wages, tips, other compensation* in the General Instructions for Forms W-2 and W-3 for details. Include sick pay paid by your agent. Also include sick pay paid by a third party that isn't your agent (for example, an insurance company) if you were given timely notice of the payments and the third party transferred liability for the employer's taxes to you.


If you're a third-party payer of sick pay and not an agent of the employer, don't include sick pay that you paid to policyholders' employees here if you gave the policyholders timely notice of the payments. See section 6 of Pub. 15-A, Employer's Supplemental Tax Guide, for more information about sick pay reporting and the procedures for transferring the liability to the employer.

#### 2. Federal Income Tax Withheld From Wages, Tips, and Other Compensation

Enter the federal income tax that you withheld (or were required to withhold) from your employees on this year's wages, including qualified sick leave wages, qualified family leave wages, and qualified wages (excluding qualified health plan expenses) for the employee retention credit; tips; taxable fringe benefits; and supplemental unemployment compensation benefits. Don't include any income tax withheld by a third-party payer of sick pay even if you reported it on Forms W-2. You will reconcile this difference on Form W-3. For information on the employment tax treatment of fringe benefits, see Pub.

15-B, Employer's Tax Guide to Fringe Benefits. For information about supplemental unemployment compensation benefits, see section 5 of Pub. 15-A.


If you're a third-party payer of sick pay, enter the federal income tax you withheld (or were required to withhold) on third-party sick pay here.

 **CAUTION** References to federal income tax withholding don't apply to employers in American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, and Puerto Rico, unless you have employees who are subject to U.S. income tax withholding.

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

If no wages, tips, and other compensation on line 1 are subject to social security or Medicare tax, check the box on line 3 and go to line 5. If this question doesn't apply to you, leave the box blank. For more information about exempt wages, see section 15 of Pub. 15, section 12 of Pub. 80, or section 15 of Pub. 179. For religious exemptions, see section 4 of Pub. 15-A. For information on the employment tax treatment of fringe benefits, see Pub. 15-B.

#### 4a–4e. Taxable Social Security and Medicare Wages and Tips

 **CAUTION** Don't reduce your social security tax reported in column 2 by the deferred amount of the employer or employee share of social security tax reported on line 10b or 10c.

**4a. Taxable social security wages.** Enter the total wages, including qualified wages (other than qualified health plan expenses) for the employee retention credit; sick pay; and taxable fringe benefits subject to social security taxes that you paid to your employees during the year. Don't include the qualified sick leave wages reported on line 4a(i) or qualified family leave wages reported on line 4a(ii). 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 6](#) for an adjustment that you may need to make on Form 944 for sick pay.

Enter the amount before payroll deductions. Don't include tips on this line. For information on types of wages subject to social security taxes, see section 5 of Pub. 15, section 4 of Pub. 80, or section 5 of Pub. 179.

For 2020, the rate of social security tax on taxable wages, except for qualified sick leave wages and qualified family leave wages, 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 4a when the employee's taxable wages, including qualified sick leave wages, qualified family leave wages, and tips, reach \$137,700 for the year. However, continue to withhold income and 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 \$137,700 has been reached.

$$\begin{array}{r} \text{line 4a (column 1)} \\ \times 0.124 \\ \hline \text{line 4a (column 2)} \end{array}$$


**4a(i). Qualified sick leave wages.** Enter the qualified taxable sick leave wages you paid to your employees during the year. Qualified sick leave wages 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 4a(i) when the employee's taxable wages, including wages reported on line 4a, qualified sick leave wages, qualified family leave wages, and tips, reach \$137,700 for the year. See the instructions for [line 4c](#) for reporting Medicare tax on qualified sick leave wages, including the portion above the social security wage base.

Qualified sick leave wages are wages for social security and Medicare tax purposes required to be paid under the Emergency Paid Sick Leave Act (EPSLA) as enacted under the [Families First Coronavirus Response Act](#) (FFCRA). See the instructions for [line 8b](#) for information about the credit for qualified sick and family leave wages.

$$\begin{array}{r} \text{line 4a(i) (column 1)} \\ \times 0.062 \\ \hline \text{line 4a(i) (column 2)} \end{array}$$

**Emergency Paid Sick Leave Act (EPSLA).** The EPSLA requires certain government employers and private employers with fewer than 500 employees to provide paid sick leave to employees unable to work or telework after March 31, 2020, and before January 1, 2021, because the employee:

1. Is subject to a federal, state, 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;
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 child if the school or place of care has been closed, or the childcare provider 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.

 **TIP** *Government employers aren't eligible for the credit for qualified sick and family leave wages; however, as with any employer, government employers aren't liable for the employer share of the social security tax on the qualified sick leave wages paid to employees.*

**Limits on qualified sick leave wages.** The EPSLA 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 for the year. Therefore, the maximum amount of paid sick leave wages for the year 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 from the Department of Labor on these requirements and limits, see [DOL.gov/agencies/whd/pandemic](https://www.dol.gov/agencies/whd/pandemic).

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

**4a(ii). Qualified family leave wages.** Enter the qualified taxable family leave wages you paid to your employees during the year. Qualified family leave wages 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 4a(ii) when the employee's taxable wages, including wages reported on line 4a, qualified sick leave wages, qualified family leave wages, and tips, reach \$137,700 for the year. See the instructions for [line 4c](#) for reporting Medicare tax on qualified family leave wages, including the portion above the social security wage base.

Qualified family leave wages are wages for social security and Medicare tax purposes required to be paid under the Emergency Family and Medical Leave Expansion Act as enacted under the FFCRA. See the instructions for [line 8b](#) for information about the credit for qualified sick and family leave wages.

$$\begin{array}{r} \text{line 4a(ii) (column 1)} \\ \times 0.062 \\ \hline \text{line 4a(ii) (column 2)} \end{array}$$

**Emergency Family and Medical Leave Expansion Act.** The Emergency Family and Medical Leave Expansion Act requires certain government employers and private employers with fewer than 500 employees to provide paid family leave under the Family and Medical Leave Act of 1993 to an employee who has been employed for at least 30 calendar days. The requirement to provide leave generally applies when an employee is unable to work or telework after March 31, 2020, and before January 1, 2021, due to the need to care for a child because the school or place of care has been closed, or the childcare provider is unavailable, due to COVID-19 related reasons. 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 more information from the Department of Labor on these requirements, possible exceptions, and the limitations discussed below, see [DOL.gov/agencies/whd/pandemic](https://www.dol.gov/agencies/whd/pandemic).

**TIP** Government employers aren't eligible for the credit for qualified sick and family leave wages; however, as with any employer, government employers aren't liable for the employer share of the social security tax on the qualified family leave wages paid to employees.

**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. The qualified family leave wages can't exceed \$200 per day or \$10,000 in the aggregate per employee for the year.

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

**4b. Taxable social security tips.** Enter all tips your employees reported to you during the year until the total of the tips and taxable wages, including qualified sick leave wages and qualified family leave wages, for an employee reach \$137,700 for the year. Include all tips your employees reported to you even if you were unable to withhold the 6.2% employee share of social security tax. 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 6; see [Adjustments for tips and group-term life insurance](#), later. Don't include service charges on line 4b. 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 Form 4070-PR (available only in Pub. 1244-PR), or submit a written statement or electronic tip record.

$$\begin{array}{r} \text{line 4b (column 1)} \\ \times 0.124 \\ \hline \text{line 4b (column 2)} \end{array}$$

For more information on tips, see section 6 of Pub. 15, section 5 of Pub. 80, or section 6 of Pub. 179.

**4c. 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. See the instructions for [line 6](#) for an adjustment that you may need to make on Form 944 for sick pay.

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 year, even if you were unable to withhold the employee tax of 1.45%.

$$\begin{array}{r} \text{line 4c (column 1)} \\ \times 0.029 \\ \hline \text{line 4c (column 2)} \end{array}$$

**4d. 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 Services and Payments*, in section 15 of Pub. 15. For more information on Additional Medicare Tax, go to [IRS.gov/ADMT](https://www.irs.gov/ADMT). See the instructions for [line 6](#) for an adjustment that you may need to make on Form 944 for sick pay.

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

$$\begin{array}{r} \text{line 4d (column 1)} \\ \times 0.009 \\ \hline \text{line 4d (column 2)} \end{array}$$

**4e. Total social security and Medicare taxes.** Add the column 2 amounts on lines 4a–4d. Enter the result on line 4e.

## 5. Total Taxes Before Adjustments

Add the total federal income tax withheld from wages, tips, and other compensation from line 2 and the total social security and Medicare taxes before adjustments from line 4e. Enter the result on line 5.

## 6. Current Year's Adjustments

Enter tax amounts that result from current period adjustments. Use a minus sign (if possible) to show an

adjustment that decreases the total taxes shown on line 5. Otherwise, use parentheses.

In certain cases, you must adjust the amounts you entered as social security and Medicare taxes in column 2 of lines 4a–4d to figure your correct tax liability for this year's Form 944. See section 13 of Pub. 15, section 9 of Pub. 80, or section 12 of Pub. 179.

**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 4a–4d may differ slightly from amounts actually withheld from employees' pay due to rounding social security and Medicare taxes based on statutory rates. This adjustment may be a positive or a negative adjustment.

**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 6 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 6 for any employer share of these taxes required to be paid by the employer. The sick pay should be included on line 4a, line 4c, and, if the withholding threshold is met, line 4d.

No adjustment is reported on line 6 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 4a, line 4c, and, if the withholding threshold is met, line 4d, 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.

**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 year's adjustments.** If you need to adjust any amount reported on line 6 from a previously filed Form 944, complete and file Form 944-X. Form 944-X is an adjusted return or claim for refund and is filed separately from Form 944. See section 13 of Pub. 15 or section 9 of Pub. 80.

## 7. Total Taxes After Adjustments

Combine the amounts shown on lines 5 and 6 and enter the result on line 7.

### 8a. Qualified Small Business Payroll Tax Credit for Increasing Research Activities

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



*If you enter an amount on line 8a, 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 944, line 8. For 2020, the amount from Form 8974, line 12, should be entered on Form 944, line 8a.*

### 8b. Nonrefundable Portion of Credit for Qualified Sick and Family Leave Wages From Worksheet 1



*Form 944 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 the employer share of social security tax. The term “refundable” means the portion of the credit which is in excess of the employer share of social security tax.*

Businesses and tax-exempt organizations with fewer than 500 employees that are required to provide paid sick leave under the [EPSLA](#) and/or to provide paid family leave under the [Emergency Family and Medical Leave Expansion Act](#) are eligible to claim the credit for qualified sick and family leave wages for the period after March 31, 2020, and before January 1, 2021. 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, and the [qualified health plan expenses](#) and 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 944, lines 4a and 4b, 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, or any credit to be claimed on Form 5884-C for the work opportunity credit for qualified tax-exempt organizations hiring qualified veterans.



*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 4a must be reduced by any adjustment you make on line 6 for the employer share of social security tax transferred to your client. 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 944, line 10d. For more information on

the credit for qualified sick and family leave wages, go to [IRS.gov/PLC](https://www.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](https://www.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.*

### 8c. Nonrefundable Portion of Employee Retention Credit From Worksheet 1



*An employer may not claim the employee retention credit if the employer receives a Small Business Interruption Loan under the Paycheck Protection Program (PPP) that is authorized under the [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#) ("Paycheck Protection Loan"). An employer that receives a Paycheck Protection Loan shouldn't claim an employee retention credit. An employer that applied for a Paycheck Protection Loan, received payment, and repaid the loan by May 18, 2020, will be treated as though the employer had not received a covered loan under the PPP for purposes of the employee retention credit.*

Enter the nonrefundable portion of the employee retention credit from [Worksheet 1](#), Step 3, line 3h. The employee retention credit is 50% of the qualified wages you paid to your employees between March 13, 2020, and December 31, 2020. 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 944, lines 4a and 4b, 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, or 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 claimed for the nonrefundable portion of the credit for qualified sick and 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 employee retention credit for amounts paid to your own employees, the amount of the*

*employer share of social security tax reported on line 4a must be reduced by any adjustment you make on line 6 for the employer share of social security tax transferred to your client. 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 944, line 10e. For more information on the employee retention credit, go to [IRS.gov/ERC](https://www.irs.gov/ERC).

#### **Qualified wages for the employee retention credit.**

The tax credit is equal to 50% of qualified wages paid to employees between March 13, 2020, and December 31, 2020. Qualified wages, including qualified health plan expenses, are limited to a maximum of \$10,000 for each employee for the year. Qualified wages are wages for social security and Medicare tax purposes paid to certain employees during any period in a quarter in which your operations are fully or partially suspended due to a government order or during a quarter in which you have had a significant decline in gross receipts. The law provides that the significant decline in gross receipts is the period beginning with any quarter in which your gross receipts are less than 50% of what they were in the same calendar quarter in 2019 and ending with the quarter that follows the first quarter beginning after the quarter in which your gross receipts were greater than 80% of what they were in the same calendar quarter in 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 100 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 operations are fully or partially suspended due to a government order or during a quarter in which there has been a significant decline in gross receipts. Eligible employers that had an average number of more than 100 full-time employees in 2019 may count only wages paid to employees for time that the employees weren't working, and qualified health plan expenses paid or incurred by the employer allocable to the time those employees weren't working, due to the suspension or significant decline in gross receipts; these eligible employers can count only wages that don't exceed what the employer would have paid that employee for working for the same amount of time during the prior 30 days. More information on the employee retention credit is available at [IRS.gov/ERC](https://www.irs.gov/ERC).

#### **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, the

qualified health plan expense is the amount that is allocable to the hours for which the employees receive qualified wages for the employee retention credit. However, qualified health plan expenses for purposes of the employee retention credit may include health plan expenses allocable to the applicable periods even if the employer isn't paying any qualified wages to the employee. For more information, see the frequently asked questions for qualified health plan expenses at [IRS.gov/ERC](https://www.irs.gov/ERC).

#### 8d. Total Nonrefundable Credits

Add lines 8a, 8b, and 8c. Enter the total on line 8d.

#### 9. Total Taxes After Adjustments and Nonrefundable Credits

Subtract line 8d from line 7 and enter the result on line 9.

- **If line 9 is less than \$2,500**, you may pay the amount with Form 944 or you may deposit the amount.
- **If line 9 is \$2,500 or more**, you must generally deposit your tax liabilities by EFT. However, if you deposited all taxes accumulated in the first 3 quarters of the year and your fourth quarter liability is less than \$2,500, you may pay taxes accumulated during the fourth quarter with Form 944. Also see section 11 of Pub. 15, section 8 of Pub. 80, or section 11 of Pub. 179 for information about payments made under the accuracy of deposits rule. The amount shown on line 9 must equal the amount shown on line 13m or the "Total tax liability for the year" shown on line M of Form 945-A, Annual Record of Federal Tax Liability. For more information, see the [line 13](#) instructions, later.

For more information and rules about federal tax deposits, see [Must You Deposit Your Taxes](#), earlier, and section 11 of Pub. 15, section 8 of Pub. 80, or section 11 of Pub. 179. See [Notice 2020-22](#), [Notice 2020-65](#), and [IRS.gov/ETD](https://www.irs.gov/ETD) for information about the reduction and deferral of certain deposits.



*If you're a semiweekly schedule depositor, you must complete Form 945-A. If you fail to complete and submit Form 945-A, the IRS may assert deposit penalties based on available information.*

#### 10a. Total Deposits for This Year

Enter your deposits for this year, including any overpayment that you applied from filing Form 944-X, 944-X (SP), 941-X, or 941-X (PR) in the current year. Also include in the amount shown any overpayment from a previous period that you applied to this return. Don't include any amount that you didn't deposit because you chose to defer the employer or employee share of social security tax. For more information about the deferrals, see the [line 10b](#) and [line 10c](#) instructions next. Also, don't include any amount you didn't deposit because you reduced your deposits in anticipation of the credit for qualified sick and family leave wages or the employee retention credit, as discussed in [Notice 2020-22](#).

#### 10b. Deferred Amount of the Employer Share of Social Security Tax

Enter the amount of the employer share of social security tax that you're deferring. Employers, including government employers, can defer the deposit of the employer share of social security tax due on or after March 27, 2020, and before January 1, 2021, as well as payment due for the employer share of social security tax for wages paid on or after March 27, 2020, and before January 1, 2021. The employer share of social security tax is included on lines 4a and 4b along with the employee share of social security tax. However, you determine the amount of the employer share of social security tax that can be deferred by only considering social security tax on wages related to deposits and payments due on or after March 27, 2020. Don't include the employee social security tax reported on lines 4a(i) and 4a(ii) as part of the deferred amount of the employer share of social security tax. If you're a third-party payer of sick pay that isn't an agent (for example, an insurance company), you must consider any adjustment that you make on line 6 for the employer share of social security tax transferred to your client before deciding the employer share of social security tax that can be deferred. Don't reduce the amount reported on line 10b by any credits claimed on line 8a, 8b, or 8c or any credit to be claimed on Form 5884-C, line 11, for the work opportunity credit for qualified tax-exempt organizations hiring qualified veterans. However, you can't defer tax that you have already paid; therefore, the maximum amount of social security tax (both the employer and employee share of social security tax) that can be deferred for the year is the lesser of (1) the total of the employer and employee share of social security tax, or (2) the **excess** of (a) line 7 (reduced by the amount, if any, on line 8a) **over** (b) line 10a. For more information about the deferral of employment tax deposits, including limitations on the maximum amount you can defer, go to [IRS.gov/ETD](https://www.irs.gov/ETD).



*The deferred amount of the employer share of social security tax is a deferral of deposits and payments, not a deferral of liability. You won't receive a refund or credit of any amount of the employer share of social security tax already deposited or paid for the year. However, in determining whether any amount of the employer share of social security tax was already deposited for this purpose, you can consider prior deposits on or after March 27, 2020, as first being deposited for employment taxes other than the employer share of social security tax. Although employers depositing taxes using EFTPS identify the subcategory of separate deposits for the different employment taxes (for example, social security tax and Medicare tax), those entries are for informational purposes only. The IRS doesn't use that information in comparing liabilities reported on the employment tax return and the total deposits made.*

**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. 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 2020 is \$20,000 and you deposited \$5,000 of the \$20,000 during 2020 and defer \$15,000 on line 10b, 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 2020 was \$20,000 and you deposited \$15,000 of the \$20,000 during 2020 and defer \$5,000 on line 10b, 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.

If you initially deferred (that is, didn't deposit) the employer share of social security tax and later decided to pay or deposit it in 2020, see [Adjusting tax liability for the deferred amount of social security tax that you pay or deposit in 2020](#), later. For additional information, go to [IRS.gov/ETD](#).

**How to pay the deferred amount of social security tax.** You may pay the amount you owe electronically using EFTPS, by credit or debit card, or by a check or money order. The preferred method of payment is EFTPS. For more information, visit [EFTPS.gov](#), or call 800-555-4477 or 800-733-4829 (TDD). To pay the deferred amount using EFTPS, select Form 944 and the option for payment due on an IRS notice.

To pay by credit or debit card, go to [IRS.gov/PayByCard](#). If you pay by check or money order, include a 2020 Form 944-V, Payment Voucher. Make the check or money order payable to "United States Treasury." Enter your EIN, "Form 944," and "2020" on your check or money order.

**Where to send payments.** 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
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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](#), earlier.

### 10c. Deferred Amount of the Employee Share of Social Security Tax

Enter the amount of the employee share of social security tax that you're deferring for the year. On August 8, 2020, the President issued a Presidential Memorandum directing the Secretary of the Treasury to use his authority pursuant to section 7508A of the Internal Revenue Code to defer the withholding, deposit, and payment of certain payroll tax obligations. In [Notice 2020-65](#), the Secretary made relief available under section 7508A to employers required to withhold social security taxes from wages paid to employees. Specifically, under the notice, the due date for withholding and payment of the employee share of social security tax on applicable wages is postponed until

the period beginning on January 1, 2021, and ending on April 30, 2021. Applicable wages are social security wages of less than \$4,000 in any biweekly pay period (or the equivalent threshold amount for other pay periods), paid on a pay date during the period beginning on September 1, 2020, and ending on December 31, 2020. The determination of whether the deferral of withholding or payment of the employee share of social security tax is available is made on a pay period-by-pay period basis. Nothing prohibits employers from getting employee input on whether to apply the relief to postpone the due date for the withholding and payment of the employee share of social security tax on applicable wages paid to the employee.

You can't defer tax that you have already paid; therefore, the maximum amount of social security tax (both the employer and employee share of social security tax) that can be deferred for the year is the lesser of (1) the total of the employer and employee share of social security tax, or (2) the **excess** of (a) line 7 (reduced by the amount, if any, on line 8a) **over** (b) line 10a.

**TIP** *If you paid an employee supplemental wages (for example, a bonus or commission) and included the supplemental wages with the employee's regular wages in a single payment (that is, in a single paycheck) for a pay period, but you didn't specifically identify the amount of each, then the entire amount of the payment must be below \$4,000 (or equivalent amount for pay periods other than a biweekly pay period) to be eligible for the deferral of the withholding and payment of the employee share of social security tax on the wages. If the entire amount is below \$4,000, then you may defer the withholding and payment of the employee share of social security tax on the entire payment of the wages. If you paid the supplemental wages separately from the employee's regular wages (that is, in a separate check), or you combined the wages in a single payment but you specifically identified the amount of each, then the supplemental wages are disregarded for purposes of determining whether the regular wages are below \$4,000 (or equivalent amount), but the supplemental wages aren't eligible for the deferral of the withholding and payment of the employee share of social security tax.*

**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 April 30, 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 April 30, 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 May 1, 2021, to avoid interest, penalties, and additions to tax on those amounts. For more information about the deferral of the employee share of social security tax, see [Notice 2020-65](#). For information on paying the deferred social security tax, see [How to pay the deferred amount of social security tax](#), earlier.

If you initially deferred (that is, didn't deposit) the employee share of social security tax and later decide to pay or deposit it in 2020, see [Adjusting tax liability for the deferred amount of social security tax that you pay or deposit in 2020](#), later.



For information about how to report the deferred amount of the employee share of social security tax on Form W-2 and Form W-2c for 2020, see [IRS.gov/FormW2](#) and the 2021 General Instructions for Forms W-2 and W-3 (available in early 2021).

### 10d. Refundable Portion of Credit for Qualified Sick and Family Leave Wages From Worksheet 1

Businesses and tax-exempt organizations with fewer than 500 employees that are required to provide paid sick leave under the [EPSLA](#) and/or to provide paid family leave under the [Emergency Family and Medical Leave Expansion Act](#) 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 allocable [qualified health plan expenses](#), 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.

### 10e. Refundable Portion of Employee Retention Credit From Worksheet 1

Enter the refundable portion of the employee retention credit from [Worksheet 1](#), Step 3, line 3i. The employee retention credit is 50% of the [qualified wages](#) you paid to your employees between March 13, 2020, and December 31, 2020. The refundable portion of the credit is allowed after the employer share of social security tax is reduced to zero by nonrefundable credits.

### 10f. Total Deposits, Deferrals, and Refundable Credits

Add lines 10a, 10b, 10c, 10d, and 10e. Enter the total on line 10f.

### 10g. Total Advances Received From Filing Form(s) 7200 for the Year

Enter the total advances received from filing Form(s) 7200 for the year. If you filed Form 7200 but you haven't received the advance before filing Form 944, don't include that amount. Employers were eligible to file Form 7200 if they paid [qualified sick leave wages](#), [qualified family leave wages](#), and/or [qualified wages for the employee retention credit](#) and the amount of employment tax deposits they retained wasn't sufficient to cover the cost of qualified sick and family leave wages and the employee retention credit.



Form 7200 may be filed up to the earlier of February 1, 2021, or the filing of Form 944 for the year. However, if you file Form 7200 after the end of the year, it's possible that it may not be processed prior to the processing of the filed Form 944. Advance payment

requests on Form 7200 won't be paid after your Form 944 is processed. When the IRS processes Form 944, we will correct the amount reported on line 10g to match the amount of advance payments issued or contact you to reconcile the difference before we finish processing Form 944.

### 10h. Total Deposits, Deferrals, and Refundable Credits Less Advances

Subtract line 10g from line 10f. Enter the result on line 10h.

### 11. Balance Due

If line 9 is more than line 10h, enter the difference on line 11. Otherwise, see [Overpayment](#), later. **Never make an entry on both lines 11 and 12.**

You don't have to pay if line 11 is less than \$1. Generally, you should have a balance due only if your total taxes after adjustments and nonrefundable credits (line 9) are less than \$2,500. However, see *If line 9 is \$2,500 or more*, earlier, for exceptions.

If you were required to make federal tax deposits, pay the amount shown on line 11 by EFT. If you weren't required to make federal tax deposits (see the [Federal Tax Deposit Requirements for Form 944 Filers](#) chart, 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 11 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. Don't file Form 944-V, Payment Voucher.

If you pay by check or money order, make it payable to "United States Treasury." Enter your EIN, "Form 944," and the tax period on your check or money order. Complete Form 944-V and enclose it with Form 944.



If you're required to make deposits and instead pay the taxes with Form 944, you may be subject to a penalty.

**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 11,
- 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.

## 12. Overpayment

If line 10h is more than line 9, enter the amount on line 12. **Never make an entry on both lines 11 and 12.**

If you deposited more than the correct amount for the year, you can choose to have the IRS either refund the overpayment or apply it to your next return. Check only one box on line 12. 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 12, we may apply your overpayment to any past due tax account that is shown in our records under your EIN.

If line 12 is less than \$1, we will send a refund or apply it to your next return only if you ask us in writing to do so.

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

### 13. Check One

If line 9 is less than \$2,500, check the first box on line 13 and go to line 14.

If line 9 is \$2,500 or more, check the second box on line 13. If you're a monthly schedule depositor, enter your tax liability for each month and figure the total liability for the year. The amounts entered on line 13 are a summary of your monthly tax liabilities, not a summary of deposits you made. The IRS gets deposit data from EFTs. 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. If you don't enter your tax liability for each month, the IRS won't know when you should have made deposits and may assess an "averaged" FTD penalty. See section 11 of Pub. 15, section 8 of Pub. 80, or section 11 of Pub. 179. If your tax liability for any month is negative after accounting for your adjustments reported on line 6, don't enter a negative amount for the month. Instead, enter zero for the month and subtract that negative amount from your tax liability for the next month.



*The amount shown on line 13m must equal the amount shown on line 9. If it doesn't, your tax deposits and payments may not be counted as timely. Don't reduce your total liability reported on line 13 by the deferred amount of the employer or employee share of social security tax, the refundable portion of the credit for qualified sick and family leave wages, or the refundable portion of the employee retention credit. The deferred amount of the employer or employee share of social security tax reported on line 10b and 10c doesn't reflect deferred liabilities, but instead postponed due dates for payment. Don't change your current year tax liability reported on line 13 by adjustments reported on any Forms 944-X.*

If you're a semiweekly schedule depositor or if you became one because you accumulated \$100,000 or more in tax liability on any day in a deposit period, you must

complete Form 945-A and file it with Form 944. See *\$100,000 Next-Day Deposit Rule* in section 11 of Pub. 15, section 8 of Pub. 80, or section 11 of Pub. 179. Don't complete lines 13a–13m if you file Form 945-A.

**Adjusting tax liability for nonrefundable credits claimed on lines 8a, 8b, and 8c.** Monthly schedule depositors and semiweekly schedule depositors must account for nonrefundable credits claimed on lines 8a, 8b, and 8c when reporting their tax liabilities on line 13 or Form 945-A. The total tax liability for the year must equal the amount reported on line 9. Failure to account for the nonrefundable credits on line 13 or Form 945-A may cause line 13 or Form 945-A to report more than the total tax liability reported on line 9. Don't reduce your monthly tax liability reported on lines 13a through 13l or your daily tax liability reported on Form 945-A below zero.

**Qualified small business payroll tax credit for increasing research activities (line 8a).** 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 13 or Form 945-A, you take into account the payroll tax credit against your liability for the employer share of social security tax starting with the first payroll payment of the quarter that includes payments of wages to your employees subject to social security tax. 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 13 or Form 945-A, 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 has not 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 that are reported on the same Form 944 or on Forms 944 for preceding years. If an amount of payroll tax credit is unused at the end of the calendar year because it is in excess of the employer share of social security tax on wages paid during the applicable quarters in the calendar year, the remaining payroll tax credit may be carried forward to the first quarter of the succeeding calendar year as a payroll tax credit against the employer share of social security tax on wages paid in that quarter.

**Example.** Rose Co. is an employer with a calendar tax year that filed its timely income tax return on April 15, 2020. Rose Co. elected to take the qualified small business payroll tax credit for increasing research activities on Form 6765. The third quarter of 2020 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 2020. Rose Co. is a semiweekly schedule depositor. Rose Co. completes Form 945-A by reducing the amount of liability entered for the first payroll payment in the third quarter of 2020 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 2021.

**Nonrefundable portion of credit for qualified sick and family leave wages (line 8b).** The nonrefundable portion of the credit for qualified sick and family leave wages is limited to the employer share of social security tax on wages paid in the year that is remaining after that share is first reduced by any credit claimed on Form 944, line 8a, for the qualified small business payroll tax credit for increasing research activities, and/or any credit to be claimed on Form 5884-C, line 11, for the work opportunity credit for qualified tax-exempt organizations hiring qualified veterans. In completing line 13 or Form 945-A, you take into account the nonrefundable portion of the credit for qualified sick and family leave wages (including the qualified health plan expenses and employer share of Medicare tax allocable to those wages) against the liability for the first payroll payment of the year, but not below zero. Then reduce the liability for each successive payroll payment of the year 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 year because it exceeds the employer share of social security tax is claimed on line 10d as a refundable credit. The refundable portion of the credit doesn't reduce the liability reported on line 13 or Form 945-A.

**Example.** Maple Co. is a monthly schedule depositor that pays employees every Friday. In 2020, Maple Co. had pay dates every Friday of 2020 starting January 3, 2020. Maple Co. paid qualified sick and family leave wages on May 1 and May 8. The nonrefundable portion of the credit for qualified sick and family leave wages for the year is \$300. On line 13, Maple Co. will use the \$300 to reduce the liability for the January 3 pay date, but not below zero. If any nonrefundable portion of the credit remains, Maple Co. applies it to the liability for the January 10 pay date, then the January 17 pay date, and so forth until the entire \$300 is used.

**Nonrefundable portion of employee retention credit (line 8c).** The nonrefundable portion of the employee retention credit is limited to the employer share of social security tax on wages paid in the year that is remaining after that share is first reduced by any credit

claimed on Form 944, line 8a, 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 claimed on Form 944, line 8b, for the nonrefundable portion of the credit for qualified sick and family leave wages. In completing line 13 or Form 945-A, you take into account the nonrefundable portion of the employee retention credit against the liability for the first payroll payment of the year, but not below zero. Then reduce the liability for each successive payroll payment of the year until the nonrefundable portion of the credit is used. Any employee retention credit that is remaining at the end of the year because it exceeds the employer share of social security tax is claimed on line 10e as a refundable credit. The refundable portion of the credit doesn't reduce the liability reported on line 13 or Form 945-A.

**Example.** Maple Co. is a monthly schedule depositor that pays employees every Friday. In 2020, Maple Co. had pay dates every Friday of 2020 starting January 3, 2020. Maple Co. paid qualified wages for the employee retention credit on May 1 and May 8. The nonrefundable portion of the employee retention credit for the year is \$300. On line 13, Maple Co. will use the \$300 to reduce the liability for the January 3 pay date, but not below zero. If any nonrefundable portion of the credit remains, Maple Co. applies it to the liability for the January 10 pay date, then the January 17 pay date, and so forth until the entire \$300 is used.



*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 any deferred employment taxes, as discussed earlier under [Reducing your deposits for COVID-19 credits](#).*

**Adjusting tax liability for the deferred amount of social security tax that you pay or deposit in 2020.** If you defer the employer and/or employee share of social security tax and subsequently pay or deposit that deferred amount during 2020, you should report the amount of the payment or deposit on Form 944, line 13, or Form 945-A on the date of the payment or deposit and not the date of liability. You shouldn't include any portion of the deferred amount of social security taxes already paid or deposited by December 31, 2020, on Form 944, line 10b or 10c.

For example, if you're a monthly schedule depositor that has an employment tax liability of \$50 every month in 2020 and you defer \$10 of the employer share of social security tax from your June liability, but deposit your deferred amount of \$10 together with your \$50 deposit for your November tax liability, you would report \$40 for your June tax liability (\$50 minus \$10) and \$60 for your November liability (\$50 plus \$10) on line 13. Don't include the \$10 deferral on Form 944, line 10b.

## Part 3: Tell Us About Your Business

In Part 3, answer question 14 only if it applies to your business. If it doesn't apply, leave it blank and go to Part 4.

### 14. If Your Business Has Closed...

If you permanently go out of business or stop paying wages, you must file a final return. To tell the IRS that a particular Form 944 is your final return, check the box on line 14 and enter the date you last 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.

### Lines 15 Through 19



*The amounts entered on lines 15 through 19 are amounts that you use on [Worksheet 1](#) to figure the credit for qualified sick and family leave wages and the employee retention credit. If you're claiming these credits, you must enter the applicable amounts.*

### 15. Qualified Health Plan Expenses Allocable to Qualified Sick Leave Wages

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

### 16. Qualified Health Plan Expenses Allocable to Qualified Family Leave Wages

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

### 17. 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 allocable to these wages). This amount is also entered on Worksheet 1, Step 3, line 3a.

### 18. Qualified Health Plan Expenses Allocable to Wages Reported on Line 17

Enter the [qualified health plan expenses for the employee retention credit](#). These expenses are generally allocable to the wages reported on Form 944, Part 3, line 17. However, in some circumstances, qualified health plan expenses for purposes of the employee retention credit are treated as allocable to qualified wages for the employee retention credit even if no wages are paid to the employees during the applicable period (for example, when you furlough an employee because your operations are fully or partially suspended due to a government order but you continue to pay qualified health plan expenses). For more information, go to [IRS.gov/ERC](#). The amount from line 18 is also entered on Worksheet 1, Step 3, line 3b.

### 19. Credit From Form 5884-C, Line 11, for the Year

If applicable, enter the credit to be claimed on line 11 of Form 5884-C for the work opportunity credit for qualified tax-exempt organizations hiring qualified veterans for 2020. Entering an amount here doesn't change your requirement to file Form 5884-C separately from Form 944. You're entering the amount here to notify us that you will file Form 5884-C for the year and therefore reduce the amount of the employer share of social security tax that is available to be reduced by the nonrefundable portion of the credit for qualified sick and family leave wages and the nonrefundable portion of the employee retention credit.

## 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 944 with the IRS, check the "Yes" box in Part 4. Enter the name, phone number, and the 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 have 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 after the due date (without regard to extensions) for filing your Form 944. 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 944. 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 944 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 944 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](https://www.irs.gov/irb/2005-28_IRB#RP-2005-39).

### **Paid Preparer Use Only**

A paid preparer must sign Form 944 and provide the information in the *Paid Preparer Use Only* section of Part 5 if the preparer was paid to prepare Form 944 and isn't an employee of the filing entity. Paid preparers must sign paper returns with a manual signature. The preparer must give you a copy of the return in addition to the copy to be filed with the IRS.

If you're a paid preparer, enter your Preparer Tax Identification Number (PTIN) in the space provided. Include your complete address. If you work for a firm, enter the firm's name and the EIN of the firm. You can

apply for a PTIN online or by filing Form W-12. For more information about applying for a PTIN online, go to [IRS.gov/PTIN](https://www.irs.gov/PTIN). You can't use your PTIN in place of the EIN of the tax preparation firm.

Generally, 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.

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## **How To Get Forms, Instructions, and Publications**

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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 forms mailed to you.

**Worksheet 1. Credit for Qualified Sick and Family Leave Wages and the Employee Retention Credit**

**Determine how you will complete this worksheet**

If you paid both qualified sick and family leave wages and qualified wages for purposes of the employee retention credit this year, complete Step 1, Step 2, and Step 3. If you paid qualified sick and family leave wages this year but you didn't pay any qualified wages for purposes of the employee retention credit this year, complete Step 1 and Step 2. If you paid qualified wages for purposes of the employee retention credit this year but you didn't pay any qualified sick and family leave wages this year, complete Step 1 and Step 3.

<b>Step 1. Determine the employer share of social security tax this year after it is reduced by any credit claimed on Form 8974 and any credit to be claimed on Form 5884-C</b>	
1a	Enter the amount of social security tax from Form 944, Part 1, <a href="#">line 4a</a> , column 2 . . . . . 1a _____
1b	Enter the amount of social security tax from Form 944, Part 1, <a href="#">line 4b</a> , 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 944, Part 1, <a href="#">line 6</a> (enter as a positive number) . . . . . 1e _____
1f	<b>Employer share of social security tax.</b> Subtract line 1e from line 1d . . . . . 1f _____
1g	Enter the amount from Form 944, Part 1, <a href="#">line 8a</a> (credit from Form 8974) . . . . . 1g _____
1h	Enter the amount to be claimed on Form 5884-C, line 11, for this year . . . . . 1h _____
1i	<b>Total nonrefundable credits already used against the employer share of social security tax.</b> Add lines 1g and 1h . . . . . 1i _____
1j	<b>Employer share of social security tax remaining.</b> Subtract line 1i from line 1f . . . . . 1j _____
<b>Step 2. Figure the sick and family leave credit</b>	
2a	Qualified sick leave wages reported on Form 944, Part 1, <a href="#">line 4a(i)</a> , column 1 . . . . . 2a _____
2a(i)	Qualified sick leave wages included on Form 944, Part 1, line 4c, but not included on Form 944, Part 1, line 4a(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) _____
2b	Qualified health plan expenses allocable to qualified sick leave wages (Form 944, Part 3, <a href="#">line 15</a> ) . . . . . 2b _____
2c	Employer share of Medicare tax on qualified sick leave wages. Multiply line 2a(ii) by 1.45% (0.0145) . . . . . 2c _____
2d	<b>Credit for qualified sick leave wages.</b> Add lines 2a(ii), 2b, and 2c . . . . . 2d _____
2e	Qualified family leave wages reported on Form 944, Part 1, <a href="#">line 4a(ii)</a> , column 1 . . . . . 2e _____
2e(i)	Qualified family leave wages included on Form 944, Part 1, line 4c, but not included on Form 944, Part 1, line 4a(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) _____
2f	Qualified health plan expenses allocable to qualified family leave wages (Form 944, Part 3, <a href="#">line 16</a> ) . . . . . 2f _____
2g	Employer share of Medicare tax on qualified family leave wages. Multiply line 2e(ii) by 1.45% (0.0145) . . . . . 2g _____
2h	<b>Credit for qualified family leave wages.</b> Add lines 2e(ii), 2f, and 2g . . . . . 2h _____
2i	<b>Credit for qualified sick and family leave wages.</b> Add lines 2d and 2h . . . . . 2i _____
2j	<b>Nonrefundable portion of credit for qualified sick and family leave wages.</b> Enter the smaller of line 1j or line 2i. Enter this amount on Form 944, Part 1, line 8b . . . . . 2j _____
2k	<b>Refundable portion of credit for qualified sick and family leave wages.</b> Subtract line 2j from line 2i and enter this amount on Form 944, Part 1, line 10d . . . . . 2k _____
<b>Step 3. Figure the employee retention credit</b>	
3a	Qualified wages (excluding qualified health plan expenses) for the employee retention credit (Form 944, Part 3, <a href="#">line 17</a> ) . . . . . 3a _____
3b	Qualified health plan expenses allocable to qualified wages for the employee retention credit (Form 944, Part 3, <a href="#">line 18</a> ) . . . . . 3b _____
3c	Add lines 3a and 3b . . . . . 3c _____
3d	<b>Retention credit.</b> Multiply line 3c by 50% (0.50) . . . . . 3d _____
3e	Enter the amount of the employer share of social security tax from Step 1, line 1j . . . . . 3e _____
3f	Enter the amount of the nonrefundable portion of the credit for qualified sick and family leave wages from Step 2, line 2j . . . . . 3f _____
3g	Subtract line 3f from line 3e . . . . . 3g _____
3h	<b>Nonrefundable portion of employee retention credit.</b> Enter the smaller of line 3d or line 3g. Enter this amount on Form 944, Part 1, line 8c . . . . . 3h _____
3i	<b>Refundable portion of employee retention credit.</b> Subtract line 3h from line 3d and enter this amount on Form 944, Part 1, line 10e . . . . . 3i _____