



Instructions for Form 941-SS

(Rev. January 2005)

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

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

What's New

Redesigned Form 941-SS. Form 941-SS was completely redesigned for tax periods beginning after 2004. Many of the reporting lines on the redesigned Form 941-SS have changed from those shown on the January 2004 revision.

Social security wage base for 2005. Stop withholding social security tax after an employee reaches \$90,000 in taxable wages during 2005. (There is no limit on the amount of wages subject to Medicare tax.)

Electronic Filing and Payment

Now, more than ever before, businesses can enjoy the benefits of filing and paying their federal taxes electronically. Whether you rely on a tax professional or handle your own taxes, IRS offers you convenient programs to make it easier. Spend less time and worry on taxes and more time running your business. Use e-file and Electronic Federal Tax Payment System (EFTPS) to your benefit.

- For e-file, visit www.irs.gov for additional information.
- For EFTPS, visit www.eftps.gov or call EFTPS Customer Service at 1-800-555-4477.

Use the electronic options available from IRS and make filing and paying taxes easier.

General Instructions: Understanding Form 941-SS

Purpose of Form 941-SS

Use **Form 941-SS**, Employer's Quarterly Federal Tax Return, to report social security and Medicare taxes for workers in American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands.

Pub. 80 (Circular SS), Federal Tax Guide for Employers in the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, explains the requirements for withholding, depositing, and paying social security and Medicare taxes. It explains the forms you must give your employees, those your employees must give you, and those you must send to the IRS. See Pub. 15-A, Employer's Supplemental Tax Guide, for specialized employment tax information supplementing the basic information provided in Pub. 80 (Circular SS).

Who Must File Form 941-SS?

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

Once you have filed a return, a preaddressed Form 941-SS will be sent to you every 3 months. You must file a return each quarter, even if you have no tax liability to report. However, see *Seasonal Employers* below. If the form fails to reach you, request one in time to file. See *Where To Obtain Forms* below.

Seasonal Employers

Employers are not required to file for quarters when they regularly have no tax liability because they have paid no wages. To alert the IRS that you will not have to file a return for one or more quarters during the year, check the box in line 17 on Form 941-SS. The IRS will mail you two Forms 941-SS once a year after March 1. The preprinted information will not include the date the quarter ended. You must enter the date the quarter ended when you file the return. The IRS generally will not inquire about unfiled returns if at least one taxable return is filed each year. However, you must check the box in line 17 on every quarterly return you file. Otherwise, the IRS will expect a return to be filed for each quarter.

Final Return

If you go out of business or stop paying wages, file a final return. Be sure to check the box in line 16 and enter the date that you last paid wages. See *Terminating a business* in the Form W-3SS instructions for information on the earlier due dates for the expedited furnishing and filing of Form W-2AS, W-2GU, W-2CM, or W-2VI when a final Form 941-SS is filed.

Agricultural and Household Employers

Agricultural employers. Agricultural wages must be reported on Form 943, Employer's Annual Federal Tax Return for Agricultural Employees, not on Form 941-SS.

Household employers. Employers who report wages on household employees should see Pub. 80 (Circular SS) and Pub. 926, Household Employer's Tax Guide.

When Must You File?

A return must be filed for each quarter of the calendar year, as follows:

Quarter	Due Date
Jan.-Feb.-Mar.	April 30
Apr.-May-June	July 31
July-Aug.-Sept.	Oct. 31
Oct.-Nov.-Dec.	Jan. 31

If you made deposits on time in full payment of the taxes for a quarter, you have 10 more days after the above due dates to file. If the due date for filing a return falls on a Saturday, Sunday, or legal holiday, you may file the return on the next business day.

Where Should You File?

Mail Form 941-SS to:

Form 941-SS with payment	Internal Revenue Service P. O. Box 80106 Cincinnati, OH 45280-0006
Form 941-SS without payment	Internal Revenue Service Philadelphia, PA 19255-0005

Where Can You Obtain Forms

See Pub. 80 (Circular SS) for information on ordering IRS forms by telephone, mail, or online. You may also be able to get some IRS forms at the addresses listed below.

American Samoa. Department of Treasury, Income Tax Division, Government of American Samoa, Executive Office Bldg., First Floor, Pago Pago, AS 96799.

Guam. Department of Revenue and Taxation, Government of Guam, Building 13-1 Mariner Avenue, Tiyjan Barrigada, GU 96913.

Commonwealth of the Northern Mariana Islands. Administrator, CNMI Social Security System, Saipan, MP 96960.

U.S. Virgin Islands. V.I. Bureau of Internal Revenue, 9601 Estate Thomas, Charlotte Amalie, St. Thomas, VI 00802.

How Should You Complete Form 941-SS?

Preprinted Name and Address Information

If your preprinted name, EIN, or address information on Form 941-SS is not correct, cross it out and type or print the correct information. However, do not change any of the preprinted information on your Form 941-V(SS), Payment Voucher.

Employer Identification Number (EIN)

If you are liable for social security and Medicare taxes and have not applied for an EIN, file Form SS-4, Application for Employer Identification Number. Do not show your social security number on forms calling for an EIN. You may also

apply for an EIN online by visiting the IRS website at www.irs.gov/smallbiz.

If you do not have an EIN by the time a return is due, write "Applied For" and the date you applied in the space shown for the number. If you do not have a number by the time a tax deposit is due, send your payment to the Internal Revenue Service Center where you file your returns. Make it payable to the "United States Treasury" and show on it your name (as shown on Form SS-4), address, kind of tax, period covered, and date you applied for an EIN. For more information about EINs, see Pub. 583, Starting a Business and Keeping Records.



Always make certain that the EIN on the form you file matches the EIN assigned to your business by the IRS. Filing a Form 941-SS with an incorrect EIN or using the EIN of another business may result in penalties and delays in processing your return.

Check the Box for the Quarter

In the box at the top of the form, check the appropriate box of the quarter for which you are filing. Make sure that the quarter checked is the same as shown on any attached Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors.

Completing and Filing the Form

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

- Use 12-point Courier font (if possible) for all entries if you are typing or using a computer to fill out your form.
- Omit 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.)
- Leave blank any data field with a value of zero.
- Enter negative amounts in parentheses (if possible).
- Enter your name and EIN on **all** pages and attachments. (Filers using the IRS-preaddressed Form 941-SS are not required to enter their name and EIN on page 2.)

Penalties and Interest

There are penalties for filing a return late and paying or depositing taxes late, unless reasonable cause is shown for the delay. If you file or pay late, attach an explanation to your return.

There are also penalties for failure to (a) furnish Forms W-2AS, W-2GU, W-2CM, or W-2VI to employees and file copies with the SSA and (b) deposit taxes when required. In addition, there are penalties for willful failure to file returns and pay taxes when due and for filing false returns or submitting bad checks. See Circular SS (Pub. 80) for additional information.

Interest is charged on taxes paid late at the rate set by law.



A trust fund recovery penalty may apply if social security and Medicare taxes that must be withheld are not withheld or are not paid. Under this penalty, certain officers or employees of a corporation, employees of a sole proprietorship, or certain members or employees of a partnership become personally liable for payment of the taxes and are penalized an amount equal to the unpaid taxes. See section 8 of Pub. 80 (Circular SS) for details.

Reconciliation of Forms 941-SS and W-3SS

Certain amounts reported on your four quarterly Forms 941-SS for 2005 should agree with your Form W-2AS, W-2GU, W-2CM, or W-2VI totals reported on your 2005 Form W-3SS, Transmittal of Wage and Tax Statements, or with information filed with the SSA on equivalent magnetic media reports. The amounts that should agree are: social security wages, social security tips, and Medicare wages and tips. If the totals do not agree, the IRS may require you to explain any differences and correct any errors.

Adjustment of Tax on Tips

If, by the 10th of the month after the month you received an employee's report on tips, you do not have enough employee funds available to withhold the employee's share of social security and Medicare taxes, you no longer have to collect it. Report the entire amount of these tips on lines 5b (Taxable social security tips) and 5c (Taxable Medicare wages and tips). Include as an adjustment on line 7c the total uncollected employee share of the social security and Medicare taxes.

When and How Must You Deposit Your Taxes?

You may pay the taxes with Form 941-SS instead of depositing if your total taxes after adjustments for the quarter (line 8) are less than \$2,500 and you pay in full with a timely filed return.

If your total taxes after adjustments (line 8) are \$2,500 or more for the quarter, you must deposit your tax liabilities at an authorized financial institution with Form 8109, Federal Tax Deposit Coupon, or by using the Electronic Federal Tax Payment System (EFTPS).

To get more information or to enroll in EFTPS, you may call 1-800-555-4477 (or 720-332-3725 for territories unable to use the toll-free numbers) or visit the EFTPS website at www.eftps.gov.

See section 8 of Pub. 80 (Circular SS) for information and rules concerning federal tax deposits and to determine your status as a monthly or semiweekly depositor.

Specific Instructions:

Part 1: Answer these questions for this quarter

1. Number of employees who received wages, tips, or other compensation this quarter

Tell us the number of employees you paid for the pay period including March 12, June 12, September 12, or December 12 for the quarter indicated at the top of the return. Do not include:

- household employees,
- people who received no pay for the pay period,
- pensioners, or
- active members of the Armed Forces.

If you enter "250" or more on line 1, you must file Forms W-2 electronically or on magnetic diskette. For details, call the SSA at 1-800-772-6270 or visit SSA's Employer Reporting Instructions and Information website at www.socialsecurity.gov/employer.

4. If no wages, tips, and compensation are subject to social security or Medicare tax . . .

If no wages, tips, and compensation are subject to social security or Medicare taxes, check the box on line 4. If this question does not apply to you, leave the box blank. For more information about exempt wages, see section 12 of Pub. 80 (Circular SS) and section 4 of Pub. 15-A, Employer's Supplemental Tax Guide.



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

5. Taxable social security and Medicare wages and tips

5a. Taxable social security wages. Report the total wages, sick pay, or fringe benefits subject to social security taxes that you paid to your employees during the quarter. 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 in Pub. 15-A for more information about sick pay reporting.

Enter the amount before deductions. **Do not** include tips on this line. For information on types of wages subject to social security taxes, see section 4 of Pub. 80 (Circular SS).

The rate of social security tax on taxable wages is 6.2 percent (.062) each for the employer and employee or 12.4 percent (.124) for both. Stop paying social security tax on and reporting an employee's wages on line 5a when the employee's taxable wages (including tips) reach \$90,000 during 2005. However, continue to withhold Medicare taxes for the whole year on wages and tips even when the social security wage base of \$90,000 has been reached.

$$\begin{array}{r} \text{line 5a (column 1)} \\ \times .124 \\ \hline \text{line 5a (column 2)} \end{array}$$

5b. Taxable social security tips. Enter all tips your employees reported to you during the quarter until the total of the tips and wages for an employee reach \$90,000 in 2005. Do this even if you were unable to withhold the employee tax of 6.2%.

An employee must report cash tips to you, including tips you paid the employee for charge customers, totaling \$20 or more in a month by the 10th of the next month. Employees may use Form 4070, Employee's Report of Tips to Employer, or submit a written statement or electronic tip record.

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

$$\begin{array}{r} \text{line 5b (column 1)} \\ \times .124 \\ \hline \text{line 5b (column 2)} \end{array}$$

5c. Taxable Medicare wages and tips. Report all wages, 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.

Include all tips your employees reported during the quarter, even if you were unable to withhold the employee tax of 1.45%.

$$\begin{array}{r} \text{line 5c (column 1)} \\ \times .029 \\ \hline \text{line 5c (column 2)} \end{array}$$

For more information, see section 4 of Pub. 80 (Circular SS).

5d. Total social security and Medicare taxes. Add social security tax, social security tips tax, and Medicare tax.

$$\begin{array}{r} \text{line 5a(column 2)} \\ \text{line 5b(column 2)} \\ + \text{line 5c(column 2)} \\ \hline \text{line 5d} \end{array}$$

7. Adjustments

Current period adjustments. In certain cases, you must adjust the amounts you reported as social security and Medicare taxes in column 2 of lines 5a, 5b, and 5c to figure your correct tax liability for this quarter's Form 941-SS. See section 8 of Pub. 80 (Circular SS). **Do not** attach Form 941c or an equivalent statement for current period adjustments.

If you need to adjust any amount previously reported on lines 7a-7c, use line 7e to report the adjustment and attach Form 941c or an equivalent statement with an explanation.

7a. Current quarter's 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 (one-half) of amounts shown in column 2 of lines 5a-5c may differ slightly from amounts actually withheld from employees' paychecks due to the rounding of social security and Medicare taxes based on statutory rates.

7b. Current quarter's sick pay. Enter the adjustment for the employee share of social security and Medicare taxes that were withheld by your third-party sick pay payer.

7c. Current quarter's adjustments for tips and group-term life insurance. Enter adjustments 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.

Prior period adjustments. Use line 7e to adjust amounts reported on **previous returns**. If you need to report both an increase and a decrease for the same line, show only the difference.

Adjustments you report here change your tax liability and your tax deposits. You will have to take these adjustments into account on line 15 as Tax liability: Month 1; Month 2; Month 3 or on Schedule B (Form 941). You **must** explain any adjustments that you make on Form 941c, Supporting

Statement to Correct Information, or in an equivalent statement.

Form 941c is **not** an amended return but is a statement providing the necessary information and certifications for adjustments shown on lines 7e. **Do not** file Form 941c separately from Form 941-SS. See also section 9 of Pub. 80 (Circular SS).

7e. Prior quarters' social security and Medicare taxes. Enter adjustments for prior quarters' social security and Medicare taxes. For example, if you made a mistake when reporting social security and Medicare taxes on previously filed Forms 941-SS, adjust it here. If you need to report both an underpayment and an overpayment, show only the net difference.



If you are adjusting an employee's social security or Medicare wages or tips for a prior year, you must also file Form W-2c, Corrected Wage and Tax Statement, and Form W-3c, Transmittal of Corrected Wage and Tax Statements.

7g. Special additions to social security and Medicare. This line is reserved for employers with special circumstances. Use this line **only** if the IRS has sent you a notice instructing you to do so.

7h. Total adjustments. Combine all adjustments shown on lines 7a through 7g and enter the result here.

8. Total Taxes After Adjustments

Combine the amounts shown on lines 6 and 7h and enter the result here.

- **If line 8 is less than \$2,500, you may pay the full amount with a timely filed return** because you were not required to deposit. See section 8 of Pub. 80 (Circular SS) for information and rules about federal tax deposits.
- **If line 8 is \$2,500 or more for the quarter**, you must deposit your tax liabilities by using the Electronic Federal Tax Payment System (EFTPS) or at an authorized financial institution with Form 8109. The amount shown on line 8 **must** equal the "Total" shown on Form 941-SS, line 15 or the "Total liability for the quarter" shown on Schedule B (Form 941).



If you are a semiweekly depositor, you must complete Schedule B (Form 941). If you fail to complete and submit Schedule B (Form 941), IRS will assert deposit penalties based on available information.

11. Total Deposits for This Quarter

Enter your deposits for this quarter, including any deposits that you were required to make to cover prior period liabilities resulting from adjustments shown on line 7. Also include in the amount shown any overpayment from a previous period that you applied to this return.

12. Balance Due

You do not have to pay if line 12 is under \$1. Generally, you should have a balance due only if your total taxes for the quarter (line 8) are less than \$2,500. (However, see section 8 of Pub. 80 (Circular SS) for information about payments made under the **accuracy of deposits rule**.)

You may pay the amount shown on line 12 using EFTPS. If you do so, file your return using the "Without a payment" address on page 2 under *Where should you file?* and **do not** file Form 941-V(SS), Payment Voucher.

If line 10 is \$2,500 or more and you have deposited all taxes when due, line 12 ("Balance due") should be zero.

line 10
- line 11
line 12



If you do not deposit as required and, instead, pay the taxes with Form 941-SS, you may be subject to a penalty.

13. Overpayment

If line 11 is more than line 10, write the amount in line 13. **Never** make an entry in both lines 12 and 13.

If you deposited more than the correct amount for a quarter, you can choose to have us either refund the overpayment or apply it to your next return. Check the appropriate box in line 13. If you do not check either box, we will automatically refund the overpayment. We may apply your overpayment to any past due tax account that is shown in our records under your EIN.

If line 13 is under \$1, we will send a refund or apply it to your next return only if you ask us in writing to do so.

Part 2: Tell us about your deposit schedule for this quarter

15. Check one:

- If line 8 is less than \$2,500, check the appropriate box in line 15 and go to Part 3.
- If you reported \$50,000 or less in taxes during the lookback period (see below), you are a **monthly schedule depositor** unless the *\$100,000 Next-Day Deposit Rule* discussed in section 8 of Pub. 80 (Circular SS) applies. Check the appropriate box on line 15 and fill out your tax liability for each month in the quarter.

+ Month 1
+ Month 2
+ Month 3

Total tax liability for the quarter

Note that your total tax liability for the quarter must equal your total taxes shown on line 8.

You are a **monthly schedule depositor** for the calendar year if the amount of your Form 941-SS taxes reported for the lookback period is \$50,000 or less. The **lookback period** is the four consecutive quarters ending on June 30 of the prior year. For 2005, the lookback period begins July 1, 2003, and ends June 30, 2004. For details on the deposit rules, see section 8 of Pub. 80 (Circular SS).



This is a summary of your monthly tax liability, not a summary of deposits you made. If you do not properly report your liabilities when required or if you are a semiweekly schedule depositor and report your liabilities on line 15 instead of on Schedule B (Form 941), you may be assessed an "averaged" failure-to-deposit (FTD) penalty. See Deposit Penalties in section 8 of Pub. 80 (Circular SS) for more information.

- If you reported more than \$50,000 of taxes for the lookback period, you are a **semiweekly schedule depositor**. Check the appropriate box on line 15.

You **must** complete the Schedule B (Form 941) and submit it with your Form 941-SS. **Do not** use Schedule B (Form 941) if you are a monthly schedule depositor.

Reporting adjustments on line 15. If your tax liability for any month is negative (for example, if you are adjusting an overreported liability in a prior period), do not 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.

Here's an example:

Pine Co. discovered on February 6, 2005, that it overreported social security tax on a prior quarter return by \$2,500. Its Form 941-SS taxes for the first quarter of 2005 were:

January =	\$2,000
February =	\$2,000
March =	\$2,000

Pine Co. reports liabilities on line 15 as follows:

Month 1 =	\$2,000
Month 2 =	0
Month 3 =	<u>+\$1,500</u>
Total	\$3,500

The prior period adjustment (\$2,500) offsets the \$2,000 liability for February and the excess \$500 must be used to offset March liabilities. Since the error was not discovered until February, it does not affect January liabilities reported in Month 1 of line 15.

Using the above example, if the overreported social security tax on a prior quarter return had been \$10,000, Pine Co. could carry the excess negative adjustment of \$6,000 (\$10,000 - \$2,000 - \$2,000) to the next quarter. Pine Co. would only report \$4,000 of the adjustment on line 7e because line 8 must equal the total shown in line 15. See Form 941c for reporting requirements and information on the option of filing a claim for refund of overpaid employment taxes.

Part 3: Tell us about your business

In Part 3, answer only those questions that apply to your business. If a question does not apply, leave it blank and go to Part 4.

16. If Your Business Has Closed . . .

If you go out of business or stop paying wages, you must file a **final return**. To tell IRS that a particular Form 941-SS is your final return, check the box on line 16 and enter the date you last paid wages in the space provided.

17. If You Are a Seasonal Employer . . .

If you hire employees seasonally—such as for summer or winter only—check the box on line 17. Checking the box tells IRS not to expect four Forms 941-SS from you throughout the year because you have not paid wages regularly.

IRS will mail you two forms once a year after March 1. Generally, we will not ask about unfiled returns if you file at least one return showing tax due each year. However, you must check the box **every time** you file a Form 941-SS.

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

Part 4: May we contact your third-party designee?

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

By checking “Yes,” you authorize IRS to call the person you named (your designee) with any questions we may have while we process your return. You also authorize your designee to:

- give us any information that is missing from your return,
- call us for information about processing your return, and
- respond to certain IRS notices that you have shared with your designee about math errors and return preparation. IRS will **not** send notices to your designee.

You are **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, Practice Before the IRS and Power of Attorney.

The authorization will automatically **expire** one year from the due date (without regard to extensions) for filing your Form 941-SS. If you or your designee want to terminate the authorization, write to the IRS office for your locality using the “Without a payment” address under *Where Should You File* on page 2.

Part 5: Sign here— Who Must Sign the Form 941-SS?

Form 941-SS must be signed as follows.

- **Sole proprietorship**— The individual who owns the business.

- **Corporation (including an LLC treated as a corporation)**— The president, vice president, or other principal officer.
- **Partnership (including an LLC treated as a partnership) or unincorporated organization**— A responsible and duly authorized member or officer having knowledge of its affairs.
- **Single member limited liability company (LLC) treated as a disregarded entity**— The owner of the limited liability company (LLC).
- **Trust or estate**— The fiduciary.

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

Part 6: For Paid Preparers Only (optional)

Complete Part 6 if you were paid to prepare this return and are not an employee of the filing entity. Sign in the space provided and give the filer a copy of the return in addition to the copy to be filed with the IRS. Do not complete Part 6 if you are filing the return as a reporting agent and have a valid Form 8655, Reporting Agent Authorization, on file with the IRS. You are not required to complete this section.

How to Order Forms and Publications from the IRS



Call 1-800-829-3676.



Visit the IRS website at www.irs.gov.