

Instructions for Form 943-X



Department of the Treasury
Internal Revenue Service

(Rev. February 2011)

Adjusted Employer's Annual Federal Tax Return for Agricultural Employees or Claim for Refund

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

What's New?

Qualified employer's social security tax exemption.

Qualified employers are allowed an exemption for their share (6.2%) of social security tax on wages paid to qualified employees after March 31, 2010, and before January 1, 2011. Any errors discovered on a previously filed 2010 Form 943 for this exemption are corrected on lines 9a and 9b of Form 943-X.

Qualified employer's social security tax credit. Qualified employers are allowed a credit for their share (6.2%) of social security tax on wages paid to qualified employees after March 18, 2010, and before April 1, 2010. Any errors discovered on a previously filed 2010 Form 943 for this credit are corrected on lines 16c and 16d on Form 943-X.

COBRA premium assistance credit. Employers who make COBRA premium assistance payments for assistance eligible individuals are allowed a credit for the payments on Form 943. Any errors discovered on a previously filed Form 943 for this credit or for the number of individuals provided COBRA premium assistance are corrected on Form 943-X. See the instructions for lines 16a and 16b beginning on page 7.

Advance payment of earned income credit (EIC). The option of receiving advance payroll payments of EIC expired on December 31, 2010. Individuals who received advance payments of EIC in 2010 must file a 2010 federal income tax return. Individuals eligible for EIC in 2011 can still claim the credit when they file their federal income tax return.

General Instructions: Understanding Form 943-X

What Is the Purpose of Form 943-X?

Use Form 943-X to correct errors on a previously filed Form 943. Use Form 943-X to correct:

- Income tax withheld from wages,
- Taxable social security wages,
- Taxable Medicare wages,
- Advance earned income credit (EIC) payments made to employees (for years ending before January 1, 2011),
- Credits for COBRA premium assistance payments,
- Credit for qualified employer's share of social security tax on wages paid to qualified employees March 19–31, 2010, and
- Exemption for qualified employer's share of social security tax on wages paid to qualified employees April 1–December 31, 2010.

Use Form 843, Claim for Refund and Request for Abatement, to request a refund or abatement of assessed interest or penalties.



TIP We use the terms "correct" and "corrections" on Form 943-X and in these instructions to include interest-free adjustments under sections 6205 and 6413 and claims for refund and abatement under sections 6402, 6414, and 6404. See Revenue Ruling 2009-39, 2009-52 I.R.B. 951, for examples of how the interest-free adjustment and claim for

refund rules apply in 10 different situations. You can find Rev. Rul. 2009-39, at www.irs.gov/irb/2009-52_IRB/ar14.html.

When you discover an error on a previously filed Form 943, you must:

- Correct that error using Form 943-X,
- File a separate Form 943-X for each Form 943 that you are correcting, and
- File Form 943-X separately. **Do not** file Form 943-X with Form 943.

If you did not file a Form 943 for one or more years, **do not** use Form 943-X. Instead, file Form 943 for each of those years. See also *When Should You File Form 943-X?* on page 2. However, if you did not file Forms 943 because you improperly treated workers as independent contractors or nonemployees and are now reclassifying them as employees, see the instructions for line 20 on page 8.

Report the correction of underreported and overreported amounts for the same year on a single Form 943-X, unless you are requesting a refund or abatement. If you are requesting a refund or abatement and you are correcting both underreported and overreported amounts, file one Form 943-X correcting the underreported amounts only and a second Form 943-X correcting the overreported amounts.

You will use the adjustment process if you underreported employment taxes and are making a payment, or if you overreported employment taxes and will be applying the credit to Form 943 for the period during which you file Form 943-X. However, see the *Caution* on page 2 if you are correcting overreported amounts during the last 90 days of a period of limitations. You will use the claim process if you overreported employment taxes and are requesting a refund or abatement of the overreported amount. Follow the chart on the back of Form 943-X for help in choosing whether to use the adjustment process or the claim process. Be sure to give us a detailed explanation on line 21 for each correction that you show on Form 943-X.

You have additional requirements to complete when filing Form 943-X, such as certifying that you filed (or will file) all applicable Forms W-2, Wage and Tax Statement, and Forms W-2c, Corrected Wage and Tax Statement. For corrections of overreported federal income tax, social security tax, or Medicare tax, you must make any certifications that apply to your situation.



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

Where Can You Get Help?

For help filing Form 943-X or for questions about federal employment taxes and tax corrections, you can:

- Call the IRS toll-free at 1-800-829-4933 (TTY/TDD for the hearing impaired at 1-800-829-4059),
- Visit the IRS website at www.irs.gov/businesses and click on "Employment Taxes for Businesses," or
- Get Pub. 51 (Circular A), Agricultural Employer's Tax Guide.

See also *How Can You Order Forms and Publications from the IRS?* on page 9.

When Should You File Form 943-X?

File Form 943-X when you discover an error on a previously filed Form 943.

However, if your only errors on Form 943 relate to federal tax liabilities reported on your Monthly Summary of Federal Tax Liability on Form 943 or on Form 943-A, Agricultural Employer's Record of Federal Tax Liability, do not file Form 943-X. For more information about correcting federal tax liabilities reported on your Monthly Summary of Federal Tax Liability on Form 943 or on Form 943-A, see the Form 943-A instructions.

Due dates. The due date for filing Form 943-X depends on when you discover an error and if you underreported or overreported tax. If you underreported tax, see *Underreported tax* below. For overreported amounts, you may choose to either make an interest-free adjustment or file a claim for refund or abatement. If you are correcting overreported amounts, see *Overreported tax—credit* and *Overreported tax—claim* below.

If any due date falls on a Saturday, Sunday, or legal holiday, you may file Form 943-X on the next business day. If we receive Form 943-X after the due date, we will treat Form 943-X as filed on time if the envelope containing Form 943-X is properly addressed, contains sufficient postage, and is postmarked by the U.S. Postal Service on or before the due date, or sent by an IRS-designated private delivery service on or before the due date. If you do not follow these guidelines, we will consider Form 943-X filed when it is actually received. See Pub. 51 (Circular A) for more information on IRS-designated private delivery services.

Underreported tax. If you are correcting underreported tax, you must file Form 943-X by the due date of the return for the return period in which you discovered the error. When you discover that you underreported tax on a previously filed Form 943, file Form 943-X no later than January 31 of the following year. **Pay** the amount you owe when you file. Filing and paying on time will generally ensure that your correction is interest free and not subject to failure-to-pay or failure-to-deposit penalties. See *What About Penalties and Interest?* on page 3. For details on how to make a payment, see the instructions for line 18 on page 8.

Example—You owe tax: On February 11, 2011, you discover that you underreported \$1,000 of social security and Medicare wages on your 2010 Form 943. File Form 943-X and pay the amount you owe by January 31, 2012, because you discovered the error in 2011 and January 31, 2012, is the due date for that year. If you file Form 943-X before January 31, 2012, pay the amount you owe when you file.

Overreported tax—credit. If you overreported tax on Form 943 and choose to apply the credit to Form 943, file Form 943-X soon after you discovered the error but more than 90 days before the period of limitations on the credit or refund for Form 943 expires. See *Is There a Deadline for Filing Form 943-X?* on this page.

Example—You want your credit applied to Form 943: You filed your 2010 Form 943 on January 30, 2011, and payments were timely made. On May 1, 2011, you discover that you overreported tax on your 2010 Form 943. You file Form 943-X on June 1, 2011. IRS treats your credit as a tax deposit made on January 1, 2011. When you file your 2011 Form 943, include the amount from line 18 of Form 943-X on the "Total deposits" line of your 2011 Form 943.

Overreported tax—claim. If you overreported tax on Form 943, you may choose to file a claim for refund or abatement on Form 943-X any time before the period of limitations on the credit or refund expires. If you need to correct **any** underreported amounts, you must file another Form 943-X reporting only corrections to the underreported amounts. See *Is There a Deadline for Filing Form 943-X?* on this page.



If you discovered an error on or before December 31, 2008, but did not report it as a line adjustment on Form 943 for any year that ended before 2009 and did not file a claim (Form 843), you may use Form 943-X to correct the error. File Form 943-X for the year in which you made the error.

Is There a Deadline for Filing Form 943-X?

Generally, you may correct overreported taxes on a previously filed Form 943 if you file Form 943-X within 3 years of the date Form 943 was filed or 2 years from the date you paid the tax reported on Form 943, whichever is later. You may correct underreported taxes on a previously filed Form 943 if you file Form 943-X within 3 years of the date the Form 943 was filed. We call each of these time frames a "period of limitations." For purposes of the period of limitations, Form 943 is considered filed on April 15 of the succeeding calendar year if filed before that date.

Example: You filed your 2009 Form 943 on January 27, 2010, and payments were timely made. The IRS treats the return as if it were filed on April 15, 2010. On January 20, 2013, you discover that you overreported social security and Medicare wages on that form by \$10,000. To correct the error, you must file Form 943-X by April 15, 2013, which is the end of the period of limitations, and use the claim process.



If you file Form 943-X to correct overreported amounts in the last 90 days of a period of limitations (after January 15, 2013, in the example above), you must use the claim process. You cannot use the adjustment process. If you are also correcting underreported amounts, you must file another Form 943-X to correct the underreported amounts using the adjustment process and pay any tax due.

Where Should You File Form 943-X?

Send your completed Form 943-X to the Internal Revenue Service Center shown below.

IF you are in . . .	THEN use this address . . .
Special filing addresses for exempt organizations; federal, state, and local governmental entities; and Indian tribal governmental entities; regardless of location	Department of the Treasury Internal Revenue Service Ogden, UT 84201-0008
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 Cincinnati, OH 45999-0008
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 84201-0008
No legal residence or principal place of business in any state	Internal Revenue Service P.O. Box 409101 Ogden, UT 84409

How Should You Complete Form 943-X?

Use a Separate Form 943-X for Each Year You Are Correcting

Use a separate Form 943-X for each Form 943 that you are correcting. For example, if you found errors on your Forms 943 for 2009 and 2010, file one Form 943-X to correct the 2009 Form 943. File a second Form 943-X to correct the 2010 Form 943.

EIN, Name, and Address

Enter your EIN, name, and address in the spaces provided. Also enter your name and EIN on the top of pages 2 and 3, and on any attachments. If your address has changed since you filed your Form 943, enter the corrected information and the IRS will update your address of record.

Return You Are Correcting

Enter the calendar year of the Form 943 you are correcting in the box at the top of page 1. Enter the calendar year on pages 2 and 3, and on any attachments.

Enter the Date You Discovered Errors

You **must** enter the date you discovered errors. If you are reporting several errors that you discovered at different times, enter the earliest date you discovered them here. You discover an error when you have enough information to be able to correct it. On line 21, report any subsequent dates and related errors.

Must You Make an Entry on Each Line?

You must provide all of the information requested at the top of page 1 of Form 943-X. You must check one box (but not both) in Part 1. You must check the box on line 3 and any boxes that apply on lines 4 and 5. In Part 3, if any line does not apply, leave it blank. Complete Parts 4 and 5 as instructed.

How Should You Report Negative Amounts?

Form 943-X uses negative numbers to show reductions in tax (credits) and positive numbers to show additional tax (amounts you owe).

When reporting a negative amount in columns 3 and 4, use a minus sign instead of parentheses. For example, enter “-10.59” instead of “(10.59).” However, if you are completing the return on your computer and your software only allows you to use parentheses to report negative amounts, you may use them.

How Should You Make Entries on Form 943-X?

You can help the IRS process Form 943-X timely and accurately if you follow these guidelines.

- Type or print your entries.
- Use Courier font (if possible) for all typed or computer-generated entries.
- Omit dollar signs. You may use commas and decimal points, if desired. Enter dollar amounts to the left of any preprinted decimal point and cents to the right of it.
- Always show an amount for cents. Do not round entries to whole dollars.
- Complete all three pages and sign Form 943-X on page 3.
- Staple multiple sheets in the upper-left corner.

What About Penalties and Interest?

Generally, your correction of an underreported amount will not be subject to a failure-to-pay penalty, failure-to-deposit penalty, or interest if you:

- File on time (by the due date of Form 943 for the year in which you discover the error),
- Pay the amount shown on line 18 **when you file** Form 943-X,
- Enter the date you discovered the error, and
- Explain in detail the grounds and facts relied on to support the correction.

No correction will be eligible for interest-free treatment if (a) the amounts underreported relate to an issue that was raised in

an examination of a prior period, (b) you knowingly underreported your employment tax liability, (c) you received a notice and demand for payment, or (d) you received a Notice of Determination of Worker Classification.

Overview of the Process

The process to correct a previously filed Form 943 or to file a claim is outlined below.

If you underreported the tax. If you underreported the tax on a previously filed Form 943, check the box on line 1 and **pay** any additional amount you owe when you file Form 943-X. For details on how to make a payment, see the instructions for line 18 on page 8.

Example—You underreported employment taxes: On June 20, 2011, you discover an error that results in additional tax on your 2010 Form 943. File Form 943-X by January 31, 2012, and pay the amount you owe when you file. See *When Should You File Form 943-X?* on page 2. **Do not** attach Form 943-X to your 2011 Form 943.

If you overreported the tax. If you overreported the tax on a previously filed Form 943, you may **choose** one of the following options.

- **Use the adjustment process.** Check the box on line 1 to apply any credit (negative amount) from line 18 to Form 943 for the year during which you file Form 943-X.
- **Use the claim process.** Check the box on line 2 to file a claim on Form 943-X requesting a refund or abatement of the amount shown on line 18.



To ensure that the IRS has enough time to process a credit for an **overreporting adjustment** in the year during which you file Form 943-X, you are encouraged to file Form 943-X correcting the overreported amount in the first 11 months of a year. For example, if you discover an overreported amount in December, you may want to file Form 943-X during the first 11 months of the next year. This should ensure that the IRS will have enough time to process Form 943-X so the credit will be posted before you file Form 943, thus avoiding an erroneous balance due notice from the IRS. See the example below.

Example—You want your overreported tax applied as a credit to Form 943: On December 22, 2011, you discover you overreported your tax on your 2010 Form 943 and want to make a correction using the adjustment process. To allow the IRS enough time to process the credit, you file Form 943-X on January 6, 2012, and take the credit on your 2012 Form 943.

Specific Instructions:

Part 1: Select ONLY One Process

Because Form 943-X may be used to file either an adjusted employment tax return or a claim for refund or abatement, you **must** check one box on either line 1 or line 2. Do not check both boxes.

1. Adjusted Employment Tax Return

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

If you are correcting both underreported amounts and overreported amounts on this form, you **must** check this box. If you check this box, any negative amount shown on line 18 will be applied as a credit (tax deposit) to your Form 943 for the year in which you are filing this form. See *Example—You want your overreported tax applied as a credit to Form 943* above.

If you owe tax. Pay the amount shown on line 18 when you file Form 943-X. Generally, you will not be charged interest if you file on time, pay on time, enter the date you discovered the error, and explain the correction on line 21.

If you have a credit. You overreported employment taxes (you have a negative amount on line 18) and want the IRS to apply the credit to Form 943 for the period during which you filed Form 943-X. The IRS will apply your credit on the first day of the Form 943 year during which you filed Form 943-X. However, the credit you show on line 18 of Form 943-X may not be fully available on your Form 943 if the IRS corrects it during processing or you owe other taxes, penalties, or interest. The IRS will notify you if your claimed credit changes or if the amount available as a credit on Form 943 was reduced because of unpaid taxes, penalties, or interest.



Do not check the box on line 1 if you are correcting overreported amounts and the period of limitations on credit or refund for Form 943 will expire within 90 days of the date you file Form 943-X. Instead, check the box on line 2. See Is There a Deadline for Filing Form 943-X? on page 2.

2. Claim

Check the box on line 2 to use the claim process if you are correcting **overreported amounts only** and you are claiming a refund or abatement for the negative amount (credit) shown on line 18. Do not check this box if you are correcting ANY underreported amounts on this form.

You must check the box on line 2 if you have a credit and the period of limitations on credit or refund for Form 943 will expire within 90 days of the date you file Form 943-X. See *Is There a Deadline for Filing Form 943-X?* on page 2.

The IRS usually processes claims shortly after they are filed. The IRS will notify you if your claim is denied, accepted as filed, or selected to be examined. Get Publication 556, Examination of Returns, Appeal Rights, and Claims for Refund, for more information.

Unless the IRS corrects Form 943-X during processing or you owe other taxes, penalties, or interest, the IRS will refund the amount shown on line 18, plus any interest that applies.

Part 2: Complete the Certifications

You must complete all certifications that apply by checking the appropriate boxes. If all of your corrections relate to underreported amounts, complete line 3 only; skip lines 4 and 5 and go to Part 3.

If your corrections relate to overreported amounts, you have a duty to ensure that your employees' rights to recover overpaid employee social security and Medicare taxes that you withheld are protected. The certifications on lines 4 and 5 address the requirement to (a) repay or reimburse your employees for the overcollection of employee social security and Medicare taxes or (b) obtain consents from your employees to file a claim on their behalf.

3. Filing Forms W-2 or Forms W-2c

Check the box on line 3 to certify that you filed or will file Forms W-2 or Forms W-2c, as required, showing your employees' correct wage and tax amounts. See the Instructions for Forms W-2 and W-3 and the Instructions for Forms W-2c and W-3c for detailed information about filing requirements. References to Form W-2 on Form 943-X and in these instructions also apply to Forms W-2AS, W-2CM, W-2GU, and W-2VI unless otherwise noted.

You must check the box on line 3 to certify that you filed Forms W-2 or Forms W-2c even if your corrections on Form 943-X do not change amounts shown on those forms. For example, if your only correction to Form 943 involves misstated tax adjustments (see the instructions for line 10), check the box on line 3 to certify that you already filed all required Forms W-2 and W-2c.

4. Certifying Overreporting Adjustments

If you overreported federal income tax, social security tax, or Medicare tax and checked the box on line 1, check the

appropriate box on line 4. You may need to check more than one box.

If you obtained written statements from some employees but you could not locate or secure the cooperation of the remaining employees, check all applicable boxes. Provide a summary on line 21 of the amount of the corrections for both the employees who provided written statements and for those who did not.

4a. Check the box on line 4a if your overreported amount includes each affected employee's share of overcollected taxes. You are certifying that you repaid or reimbursed the employee's share of prior year taxes and you received written statements from the employees stating that they did not and will not receive a refund or credit for the prior year taxes.

Example. The following is an example of the written statement that is required from employees.

Employee name _____
Employer name _____
I have received a repayment of \$ _____ as
overcollected social security and Medicare taxes for 20____. I
have not claimed a refund of or credit for the overcollected
taxes from the IRS, or if I did, that claim has been rejected;
and I will not claim a refund or a credit of the amount.
Employee signature _____
Date _____

Do not send these statements to the IRS. Keep them for your records.

4b. Check the box on line 4b to certify that your overreported amount is only for the employer share of taxes on those employees who you were unable to find or those who would not (or could not) give you a statement described on line 4a.

4c. Check the box on line 4c to certify that your overreported amount is only for federal income tax, social security tax, and Medicare tax that you did not withhold from your employees.

5. Certifying Claims

If you are filing a claim for refund or abatement of overreported federal income tax, social security tax, or Medicare tax and checked the box on line 2, check the appropriate box on line 5. You may need to check more than one box. If you obtained written statements or consents from some employees but you could not locate or secure the cooperation of the remaining employees, check all applicable boxes. Provide a summary on line 21 of the amount of the corrections for the employees who provided statements or consents and for those who did not. You may not file a refund claim to correct federal income tax actually withheld from employees.

5a. Check the box on line 5a if your overreported tax includes each affected employee's share of prior year social security and Medicare tax. You are certifying that you repaid or reimbursed to the employees their share of prior year social security and Medicare tax and you received written statements from those employees stating that they did not and will not receive a refund or credit for the prior year taxes.

5b. Check the box on line 5b if your overreported tax includes each affected employee's share of prior year social security and Medicare tax and you have not yet repaid or reimbursed the employee share of taxes. You are certifying that you received consent from each affected employee to file a claim on the employee share of those taxes and you received written statements from those employees stating that they did not and will not receive a refund or credit for the prior year taxes.

Example. The following is an example of the consent and written statement that is required from employees when you are filing a claim for refund and have not yet repaid or reimbursed the employee share of taxes.

Employee name _____
 Employer name _____
 I give my consent to have my employer (named above) file a claim on my behalf with the IRS requesting \$_____ in overcollected social security and Medicare taxes for 20____. I have not claimed a refund of or credit for the overcollected taxes from the IRS, or if I did, that claim has been rejected; and I will not claim a refund or a credit of the amount.
 Employee signature _____
 Date _____

Do not send these statements to the IRS. Keep them for your records.

In certain situations, you may not have repaid or reimbursed your employees or obtained their consents prior to filing a claim, such as in cases where the period of limitations on credit or refund is about to expire. In those situations, file Form 943-X, but do not check a box on line 5. Tell us on line 21 that you "have not repaid or reimbursed employees or obtained consents." However, you must certify that you have repaid or reimbursed your employees or obtained consents before the IRS can grant the claim.

5c. Check the box on line 5c to certify that your overreported tax is only for the employer share of social security and Medicare tax. Affected employees did not give you consent to file a claim for refund for the employee share of social security and Medicare tax, they could not be found, or would not (or could not) give you a statement described on line 5b.

5d. Check the box on line 5d to certify that your overreported amount is only for federal income tax, social security tax, and Medicare tax that you did not withhold from your employees.

Part 3: Enter the Corrections for This Year

What Amounts Should You Report in Part 3?

In columns 1 and 2 of lines 6 through 8, show amounts for all of your employees, not just for those employees whose amounts you are correcting.

If a correction that you report in column 4 includes both underreported and overreported amounts (see the instructions for line 19), give us details for each error on line 21.

Because special circumstances apply for lines 9a through 13 and 15 through 16d, read the instructions for each line carefully before entering amounts in the columns.

 If you previously adjusted or amended Form 943 using Form 941c, Form 943-X, Form 843, an "amended" Form 943, a "supplemental" Form 943, or because of an IRS examination change, show amounts in column 2 that include those previously reported corrections.

6. Taxable Wages Subject to Social Security Tax

If you are correcting the taxable social security wages you reported on line 2 of Form 943, enter the total corrected amount in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.

line 6 (column 1)
~~line 6 (column 2)~~
 line 6 (column 3) If the amount in column 2 is larger than the amount in column 1, use a minus sign in column 3.

Multiply the amount in column 3 by .124 (12.4% tax rate) and enter that result in column 4.

line 6 (column 3)
 x .124
 line 6 (column 4) If the amount in column 3 used a minus sign, also use a minus sign in column 4.

Note. If you are correcting only the employer share of tax on a decrease to social security wages, use .062 (6.2%) when multiplying the amount shown in column 3. If you are correcting both shares of tax for some employees and only the employer share for other employees, enter the properly calculated amount in column 4. Be sure to show your calculations on line 21.

Example—Social security wages decreased: You reported \$9,000 as social security wages on line 2 of your 2010 Form 943. In December of 2011, you discovered that you included \$2,000 in social security wages for one of your employees twice. To correct the error, figure the difference on Form 943-X as shown.

Column 1 (corrected amount)	7,000.00
Column 2 (from line 2 of Form 943)	- 9,000.00
Column 3 (difference)	- 2,000.00

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

Column 3 (difference)	-2,000.00
Tax rate (12.4%)	x .124
Column 4 (tax correction)	-248.00

Be sure to explain the reasons for this correction on line 21.

7. Total Wages Subject to Medicare Tax

If you are correcting the taxable Medicare wages you reported on line 4 of Form 943, enter the total corrected amount in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.

line 7 (column 1)
~~line 7 (column 2)~~
 line 7 (column 3) If the amount in column 2 is larger than the amount in column 1, use a minus sign in column 3.

Multiply the amount in column 3 by .029 (2.9% tax rate) and enter that result in column 4.

line 7 (column 3)	x .029
line 7 (column 4)	If the amount in column 3 used a minus sign, also use a minus sign in column 4.

Note. If you are correcting only the employer share of tax on a decrease to Medicare wages, use .0145 (1.45%) when multiplying the amount in column 3. If you are correcting both shares of tax for some employees and only the employer share for other employees, enter the properly calculated amount in column 4. Be sure to explain your calculations on line 21.

Example—Medicare wages decreased: Following *Example—Social security wages decreased* in the instructions for line 6, the wages that you counted twice were also taxable Medicare wages. To correct the error, figure the difference on Form 943-X as shown.

Column 1 (corrected amount)	7,000.00
Column 2 (from line 4 of Form 943)	- 9,000.00
Column 3 (difference)	- 2,000.00

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

Column 3 (difference)	-2,000.00
Tax rate (2.9%)	x .029
Column 4 (tax correction)	-58.00

Be sure to explain the reasons for this correction on line 21.

8. Federal Income Tax Withheld

If you are correcting the federal income tax withheld from wages, enter the total corrected amount in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.

line 8 (column 1)
-line 8 (column 2)
line 8 (column 3)

If the amount in column 2 is larger than the amount in column 1, use a minus sign in column 3.

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



You may correct federal income tax withholding errors for prior years if the amounts shown on Form 943 do not agree with the amounts you actually withheld, that is, an administrative error or section 3509 rates apply. See section 9 of Pub. 51 (Circular A) for more information about administrative errors.

Example—Failure to withhold income tax when required: You were required to withhold \$400 of federal income tax from an employee bonus that was paid in December of 2010 but you withheld nothing. You discovered the error on March 15, 2011. You cannot file Form 943-X to correct your 2010 Form 943 because the error involves a previous year and the amount previously reported for the employee represents the actual amount withheld from the employee during 2010.

Example—Administrative error reporting income tax: You had three employees. In 2010, you withheld \$1,000 of federal income tax from employee A, \$2,000 from employee B, and \$6,000 from employee C. The total amount of federal income tax you withheld was \$9,000. You mistakenly reported \$6,000 on line 6 of your 2010 Form 943. You discovered the error on February 17, 2011. This is an example of an administrative error that may be corrected in a later calendar year because the amount actually withheld from employees' wages differs from the amount reported on Form 943. Use Form 943-X to correct the error. Enter \$9,000 in column 1 and \$6,000 in column 2. Subtract the amount in column 2 from the amount in column 1.

Column 1 (corrected amount)	9,000.00
Column 2 (from line 6 of Form 943)	- 6,000.00
Column 3 (difference)	3,000.00

Report the 3,000.00 as a tax correction in column 4.

Be sure to explain the reasons for this correction on line 21.



Lines 9a and 9b apply only for 2010.

9. Employer's Social Security Tax Exemption

Complete lines 9a–9b to correct the payroll tax exemption for the employer's share (6.2%) of social security tax on exempt wages paid to one or more qualified employees. An employer must be a qualified employer to qualify for the employer's social security tax exemption. A **qualified employer** is any employer other than Federal, State, and any related government entities. All public institutions of higher education and Indian tribal governments are also qualified employers. For more information regarding the employer's social security tax exemption visit IRS.gov and enter the keywords *HIRE Act* in the search box.

9a. Number of qualified employees paid exempt wages April 1–December 31, 2010

Enter on line 9a (column 1) the corrected number of qualified employees paid wages to which you applied the social security tax exemption. Enter on line 9a (column 2) the number of qualified employees originally reported on line 7a of the previously filed 2010 Form 943. If you are not correcting line 7a of the previously filed 2010 Form 943 and are making a

correction on line 9b, enter the number from line 7a of the previously filed 2010 Form 943 on line 9a.

A **qualified employee** is an employee who:

- Begins employment with you after February 3, 2010, and before January 1, 2011;
- Certifies by signed affidavit (Form W-11, Hiring Incentives to Restore Employment (HIRE) Act Employee Affidavit, or similar statement) under penalties of perjury, that he or she has not been employed for more than 40 hours during the 60-day period (including 2009) ending on the date the employee begins employment with you;
- Is not employed by you to replace another employee unless the other employee separated from employment voluntarily or for cause (including downsizing); and
- Is not related to you. An employee is related to you if he or she is your child or a descendant of your child, your sibling or stepsibling, your parent or ancestor of your parent, your stepparent, your niece or nephew, your aunt or uncle, or your in-law. An employee is also related to you if he or she is related to anyone who owns more than 50% of your outstanding stock or capital and profits interest or is your dependent or a dependent of anyone who owns more than 50% of your outstanding stock or capital and profits interest.

If you are an estate or trust, see section 51(i)(1) and section 152(d)(2) for more details.

Exempt wages are the wages paid to qualified employees for which the employer is exempt from paying the employer's 6.2% share of social security tax.



If you make a correction on line 9a, then you must complete line 9b.

9b. Exempt wages paid to qualified employees April 1–December 31, 2010

Enter the amount of exempt wages paid that you are correcting for all qualified employees. Enter the corrected amount from line 7b of the previously filed 2010 Form 943. Enter the corrected amount in column 1. In column 2, enter the amount originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2. If the amount in column 2 is larger than the amount in column 1, use a minus sign in column 3. Multiply the amount in column 3 by .062 and enter the result in column 4. However, to properly show the correction as a credit or balance due item, enter a positive number in column 3 as a negative number in column 4 or a negative number in column 3 as a positive number in column 4. See the instructions for line 9a for definitions of qualified employee and exempt wages.



If you make a correction on line 9b, then you must complete line 9a.

10. Tax Adjustments

Do not enter an amount on line 10 unless you need to **correct** any adjustments reported on line 8 of a previously filed Form 943. Amounts reported on line 10 reflect corrections of amounts misstated on line 8 of Form 943. See *Example— Adjustment for third-party sick pay underreported* on page 7.

Enter the corrected amount for tax adjustments in column 1. Enter the originally reported or previously corrected amount from line 8 of Form 943 in column 2. In column 3, enter the difference between columns 1 and 2.

line 10 (column 1)
-line 10 (column 2)
line 10 (column 3)



You may need to report negative numbers in any column. Make sure that the difference you enter in column 3 accurately represents the change to adjustments originally reported or previously corrected on line 8 of Form 943.

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

On line 21, describe what you misreported on Form 943. Tell us if your adjustment is for fractions of cents, third-party sick pay, or group-term life insurance.

Example—Adjustment for third-party sick pay underreported: You reported \$6,900 (shown as “-6,900.00”) as a third-party sick pay adjustment (reduction to tax) on line 8 of your 2010 Form 943. Your third-party sick pay adjustment should have been \$9,600 (shown as “-9,600.00”) because your third-party sick pay payer withheld that amount of social security and Medicare taxes from your employees. You discovered the error in April of 2011. To correct the error, figure the difference on Form 943-X as shown.

Column 1 (corrected amount)	-9,600.00
Column 2 (from line 8 of Form 943)	- (6,900.00)
Column 3 (difference)	-2,700.00

Here is how you would enter the numbers on Form 943-X.

Column 1 (corrected amount)	Column 2 (from line 8, Form 943)	Column 3 (difference)
-9,600.00	-6,900.00	-2,700.00

Report “-2,700.00” as your correction in column 4.

In this example, you are claiming a credit for \$2,700 in overreported tax for your 2010 Form 943. Always enter the same amount in column 4 (including any minus sign) that you enter in column 3.

Be sure to explain the reasons for this correction on line 21.



Only use line 10 to correct adjustments for fractions of cents, third-party sick pay, or group-term life insurance previously reported. File a separate Form 943-X for each year being corrected.

11–13. Special Additions to Wages for Federal Income Tax, Social Security Tax, and Medicare Tax

Section 3509 provides special rates for the employee share of social security and Medicare taxes and income tax withholding when workers are reclassified as employees in certain circumstances. The applicable rate depends on whether you filed required information returns. An employer cannot recover any tax paid under this provision from the employees. The full employer share of social security and Medicare tax is due for all reclassifications.

Note. Section 3509 rates are not available if you intentionally disregarded the requirements to withhold taxes from the employee, or if you withheld income tax but did not withhold social security and Medicare tax. Section 3509 rates are also not available for certain statutory employees.

On lines 11, 12, and 13 enter **only** corrections to wages resulting from reclassifying certain workers as employees when section 3509 rates are used to calculate the taxes.

Unlike other lines on Form 943-X, enter in column 1 only the corrected wages for workers being reclassified, not the amount paid to ALL employees. Enter previously reported wages to reclassified employees (if any) in column 2. To get the amount for column 4, use the applicable section 3509 rates. The tax correction in column 4 will be a positive number if you increased the amount of wages you previously reported. See the instructions for line 20 for more information.



If you misreported the taxes from worker reclassification on line 8 on a pre-2009 Form 943, you may adjust the taxes using lines 11 through 13 of Form 943-X. Be sure to complete all of the columns and provide a detailed explanation on line 21.

14. Subtotal

Combine the amounts on lines 6 through 13 of column 4.

Example: You entered “-500” in column 4 of line 6, “-100.00” in column 4 of line 7, and “1,400.00” in column 4 of

line 10. Combine these amounts and enter “800.00” in column 4 of line 14.

Line 6	-500.00
Line 7	-100.00
Line 10	+1,400.00
Line 14	800.00

15. Advance Earned Income Credit (EIC) Payments Made to Employees

If you are correcting the advance EIC payments made to your employees that you reported on line 10 of Form 943, enter the total corrected amount for ALL employees in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.

line 15 (column 1)	
-line 15 (column 2)	
line 15 (column 3)	

If the amount in column 2 is larger than the amount in column 1, use a minus sign in column 3.



Copy the amount in column 3 to column 4. However, to properly show the correction as a credit or balance due item, enter a positive number in column 3 as a negative number in column 4 or a negative number in column 3 as a positive number in column 4. Remember, negative amounts in column 4 represent credits and positive amounts in column 4 represent additional tax.

Examples: If line 15, column 3 shows “560.00,” enter “-560.00” in column 4.

If line 15, column 3 shows “-990.00,” enter “990.00” in column 4.

Example—Advance EIC payments increased: You filed your 2009 Form 943 reporting zero (line left blank) on line 10. On February 17, 2011, you discovered that you forgot to report the \$1,000 in advance EIC payments you made on behalf of John Smith, one of your employees. You made no other EIC payments for your other employees. This is an example of an administrative error. To correct the error, file Form 943-X showing the following.

Column 1 (corrected amount)	1,000.00
Column 2 (from Form 943, line 10)	- 0.00
Column 3 (difference)	1,000.00

Reverse the mathematical sign of the amount in column 3 and enter your correction in column 4.

Column 4 (tax correction)	-1,000.00
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Be sure to explain the reasons for this correction on line 21.



See section 9 of Pub. 51 (Circular A) for more information about administrative errors. The same rules that apply to withheld federal income taxes also apply to advance (EIC) payments made to employees.

16a. COBRA Premium Assistance Payments

If you are correcting the total COBRA premium assistance payments reported on line 13a of Form 943, report on this line the corrected amount of the 65% of the COBRA premiums for assistance eligible individuals. Report the premium assistance credit on this line only after the assistance eligible individual’s 35% share of the premium has been paid. For COBRA coverage provided under a self-insured plan, COBRA premium assistance is treated as having been made for each assistance eligible individual who pays 35% of the COBRA premium.

Do not include the assistance eligible individual’s 35% share of the premium in the amount entered on this line. For more information on the COBRA premium subsidy, visit IRS.gov and enter the keyword **COBRA**.

Copy the amount in column 3 to column 4. However, to properly show the correction as a credit or balance due item, enter a positive number in column 3 as a negative number in

column 4, or a negative number in column 3 as a positive number in column 4. This is the same procedure as the Advance EIC on line 15.

16b. Number of Individuals Provided COBRA Premium Assistance on Line 16a

Enter in column 1 on line 16b the corrected number of assistance eligible individuals provided COBRA premium assistance. Count each assistance eligible individual who paid a reduced COBRA premium in the year as one individual, whether or not the reduced premium was for insurance that covered more than one assistance eligible individual. For example, if the reduced COBRA premium was for coverage for a former employee, spouse, and two children, you would include one individual in the number entered on line 16b for the premium assistance reported on line 16a. Further, each individual is reported only once per year. For example, an assistance eligible individual who made monthly payments during the year would only be reported as one individual on line 16b.

Enter in column 2 on line 16b the number of assistance eligible individuals provided COBRA premium assistance originally reported on line 13b of Form 943.



Lines 16c and 16d apply only for 2010.

16c. Number of qualified employees paid exempt wages March 19–31, 2010

Enter on line 16c (column 1) the corrected number of qualified employees paid wages March 19–31, 2010, to which you applied the social security tax exemption. Enter on line 16c (column 2) the number of qualified employees originally reported on line 13c of the previously filed 2010 Form 943. If you are not correcting line 13c of the previously filed 2010 Form 943 and are making a correction on line 16d, enter the amount from line 13c of the previously filed 2010 Form 943 on line 16c. For the definition of qualified employee, see the instructions for line 9a on page 6.

16d. Exempt wages paid to qualified employees March 19–31, 2010

Enter the exempt wages paid March 19, 2010, through March 31, 2010, to all qualified employees reported on line 16c. For the definition of exempt wages, see the instructions for line 9a on page 6. Enter the corrected amount in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2. If the amount in column 2 is larger than the amount in column 1, use a minus sign in column 3. Multiply the amount in column 3 by .062 and enter the result in column 4. However, to properly show the correction as a credit or balance due item, enter a positive number in column 3 as a negative number in column 4 or a negative number in column 3 as a positive number in column 4.

17–18. Total

Combine lines 14–16d of column 4, and enter the result on line 17. Copy the amount from line 17 on page 2 to line 18 on page 3.

Your credit. If the amount entered on line 18 is less than zero, for example, “-115.00,” you have a credit because you overreported your federal employment taxes.

- If you checked the box on line 1, include this amount on the “Total Deposits” line of Form 943 for the year during which you filed Form 943-X. Do not make any changes to your Monthly Summary of Federal Tax Liability on Form 943 or on Form 943-A. The amounts reported in your Monthly Summary of Federal Tax Liability or on Form 943-A should reflect your actual tax liability for the period.

- If you checked the box on line 2, you are filing a claim for refund or abatement of the amount shown.

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

Amount you owe. You must pay the amount you owe when you file Form 943-X. You may not use any credit that you show on another Form 943-X to pay the amount you owe, even if you filed for the amount you owe and the credit at the same time.

Payment methods. You may pay the amount you owe on line 18 electronically using the Electronic Federal Tax Payment System (EFTPS), by credit card, debit card, or by a check or money order.

- The preferred method of payment is EFTPS. For more information, visit www.eftps.gov, call EFTPS Customer Service at 1-800-555-4477 toll free, or get Pub. 966, The Secure Way to Pay Your Federal Taxes.
- To pay by credit or debit card, visit the IRS website www.irs.gov/e-pay.
- If you pay by check or money order, make it payable to “United States Treasury.” On your check or money order, be sure to write your EIN, “Form 943-X,” and the year corrected.

You do not have to pay if the amount you owe is less than \$1.

Previously assessed FTD penalty. If line 18 reflects overreported tax and the IRS previously assessed a failure-to-deposit (FTD) penalty, you may be able to reduce the penalty. For more information, see the Form 943-A instructions.

Part 4: Explain Your Corrections for This Year

19. Correction of Both Underreported and Overreported Amounts

Check the box on line 19 if any corrections you entered on lines 6 through 13, 15, and 16d in column 3 reflect both underreported and overreported amounts.

Example: If you had an increase to social security wages of \$15,000 for employee A and a decrease to social security wages of \$5,000 for employee B, you would enter \$10,000 on line 6, column 3. That \$10,000 represents the net change from corrections.

On line 21, you must explain the reason for both the \$15,000 increase and the \$5,000 decrease.

20. Did You Reclassify Any Workers

Check the box on line 20 if you reclassified any workers to be independent contractors or nonemployees. Also check this box if the IRS (or you) determined that workers you treated as independent contractors or nonemployees should be classified as employees. On line 21, give us a detailed reason why any worker was reclassified and, if you used section 3509 rates on lines 11 through 13 for any worker reclassified as an employee, explain why section 3509 rates apply and what rates you used.

Return not filed because you did not treat any workers as employees. If you did not previously file Form 943 because you mistakenly treated all workers as independent contractors or as nonemployees, file a Form 943 for each delinquent year.

On each Form 943 for which you are entitled to use section 3509 rates:

- Write “Misclassified Employees” in dark, bold letters across the top margin of page 1,
- Enter a zero on line 11 (“Net taxes”),
- Complete the signature area, and
- Attach a completed Form 943-X (see instructions below).

On each attached Form 943-X:

- Complete the top of Form 943-X, including the date you discovered the error,
- Enter the wage amounts in column 1 of lines 11 through 13,
- Enter zeros in column 2 of lines 11 through 13,
- Complete columns 3 and 4 as instructed in Part 3,
- Provide a detailed statement on line 21, and
- Complete the signature area.



If you cannot use section 3509 rates (for example, because the workers you treated as nonemployees were certain statutory employees), file a Form 943 for each delinquent year. Write "Misclassified Employees" in dark, bold letters across the top margin of page 1 of each Form 943. Complete Form 943 using the Instructions for Form 943. Attach a Form 943-X to each Form 943. Complete the top of Form 943-X, including the date you discovered the error, and provide a detailed explanation on line 21.

21. Explain Your Corrections

Treasury regulations require you to explain in detail the grounds and facts relied upon to support each correction. On line 21, describe in detail each correction you entered in column 4 on lines 6 through 13, 15, 16a, and 16d. Also explain any correction made on lines 9a, 16b, and 16c. If you need more space, attach additional sheets, but be sure to write your name, EIN, Form 943-X, and calendar year on the top of each sheet.

You must describe the events that caused the underreported or overreported amounts. Explanations such as "social security and Medicare wages were overstated" or "administrative/payroll errors were discovered" are insufficient and may delay processing your Form 943-X because the IRS may need to ask for a more complete explanation.

Provide the following information in your explanation for each correction.

- Form 943-X line number(s) affected.
- Date you discovered the error.
- Difference (amount of the error).
- Cause of the error.

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

"The \$1,000 difference shown in column 3 of lines 6 and 7 was discovered on May 15, 2011, during an internal audit. We discovered that we included \$1,000 of wages for one of the employees twice. This correction removes the reported wages that were never paid."

For corrections shown on lines 11 through 13, explain why the correction was necessary and attach any notice you received from the IRS.

Part 5. Sign Here

You must complete all three pages of Form 943-X and sign it on page 3. If you do not sign, processing of Form 943-X will be delayed.

Who must sign the Form 943-X? Form 943-X must be signed by one of the following:

- **Sole proprietorship**—The individual who owns the business.
- **Corporation (including limited liability company (LLC) treated as a corporation)**—The president, vice president, or other principal officer duly authorized to sign.
- **Partnership (including LLC treated as a partnership) or unincorporated organization**—A responsible and duly authorized 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 943-X may also be signed by a duly authorized agent of the taxpayer if a valid power of attorney has been filed.

Alternative signature method. Corporate officers or duly authorized agents may sign Form 943-X by rubber stamp, mechanical device, or computer software program. For details and required documentation, see Rev. Proc. 2005-39. You can find Rev. Proc. 2005-39 on page 82 of Internal Revenue Bulletin 2005-28 at www.irs.gov/irb/2005-28_IRB/ar16.html.

Paid Preparer Use Only

A paid preparer must sign Form 943-X and provide the information in the *paid preparer use only* section of Part 5 if the preparer was paid to prepare Form 943-X and is not 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 are 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, IRS Paid Preparer Tax Identification Number (PTIN) Application. For more information about applying for a PTIN online, visit the IRS website at www.irs.gov/taxpros. You cannot use your PTIN in place of the EIN of the tax preparation firm.

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

How Can You Order Forms and Publications from the IRS?



Call the IRS at 1-800-829-3676.



Visit the IRS website at www.irs.gov/formspubs.

Additional Information

You may find the following products helpful when using Form 943-X.

- Form W-2, Wage and Tax Statement
- Form W-3, Transmittal of Wage and Tax Statements
- Instructions for Forms W-2 and W-3
- Form W-2AS, American Samoa Wage and Tax Statement
- Form W-2CM, Wage and Tax Statement (Northern Mariana Islands)
- Form W-2GU, Guam Wage and Tax Statement
- Form W-2VI, U.S. Virgin Islands Wage and Tax Statement
- Form W-3SS, Transmittal of Wage and Tax Statements
- Instructions for Forms W-2AS, W-2GU, W-2VI, and Form W-3SS
- Form W-2c, Corrected Wage and Tax Statement
- Form W-3c, Transmittal of Corrected Wage and Tax Statements
- Form W-11, Hiring Incentives to Restore Employment (HIRE) Act Employee Affidavit
- Form 943-A, Agricultural Employer's Record of Federal Tax Liability
- Instructions for Forms W-2c and W-3c
- Instructions for Form 843
- Instructions for Form 943
- Pub. 15 (Circular E), Employer's Tax Guide
- Pub. 51 (Circular A), Agricultural Employer's Tax Guide
- 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
- Pub. 966, The Secure Way to Pay Your Federal Taxes

Paperwork Reduction Act Notice. We ask for the information on Form 943-X to carry out the Internal Revenue laws of the United States. We need it to figure and collect the right amount of tax. Subtitle C, Employment Taxes, of the Internal Revenue Code imposes employment taxes on wages, including income tax withholding. This form is used to determine the amount of taxes you owe. Section 6011 requires you to provide the requested information if the tax applies to you.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books and records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law.

The time needed to complete and file Form 943-X will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	14 hr., 6 min.
Learning about the law or the form	52 min.
Preparing and sending the form to the IRS	2 hr., 20 min.

If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we would be happy to hear from you. You can email us at *taxforms@irs.gov. (The asterisk must be included in the address.) Enter "Forms Comment" on the subject line. Or write to: Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. **Do not** send Form 943-X to this address. Instead, see *Where Should You File Form 943-X?* on page 2.
