

# 2010

# Instructions for Form 944-SS



Department of the Treasury  
Internal Revenue Service

## Employer's ANNUAL 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

**Qualified employer's social security tax exemption.** Qualified employers are allowed an exemption for their share (6.2%) of social security tax on wages/tips paid to qualified employees after March 31, 2010, and before January 1, 2011. See the instructions for lines 5a through 5d on page 5.

**Qualified employer's social security tax credit.** Qualified employers are allowed a credit for their share (6.2%) of social security tax on wages/tips paid to qualified employees after March 18, 2010, and before April 1, 2010. See the instructions for lines 11c through 11e on page 6.

**COBRA premium assistance credit extended.** The credit for COBRA premium assistance payments applies to premiums paid for employees involuntarily terminated between September 1, 2008 and May 31, 2010, and to premiums paid for up to 15 months. See the instructions for line 11a on page 6.

**Social security wage base for 2010 and 2011.** Do not withhold or pay social security tax after an employee reaches \$106,800 in social security wages for the year. There is no limit on the amount of wages subject to Medicare tax.

**Electronic deposit requirement.** The IRS has issued proposed regulations under section 6302 which provide that beginning January 1, 2011, you must deposit all depository taxes (such as employment tax, excise tax, and corporate income tax) electronically using the Electronic Federal Tax Payment System (EFTPS). Under these proposed regulations, which are expected to be finalized by December 31, 2010, Forms 8109 and 8109-B, Federal Tax Deposit Coupon, cannot be used after December 31, 2010. For more information about EFTPS or to enroll in EFTPS, visit the EFTPS website at [www.eftps.gov](http://www.eftps.gov), or call 1-800-555-4477 (Virgin Islands only), 303-967-5916 (toll call), or 1-800-733-4829 (TDD). You can also get Pub. 966, The Secure Way to Pay Your Federal Taxes.

### Reminders

**Employers can choose to file Forms 941-SS instead of Form 944-SS for 2011.** Beginning with tax year 2010, employers that would otherwise be required to file Form 944-SS can notify the IRS if they want to file quarterly Forms 941-SS instead of Form 944-SS. Employers required to file Form 944-SS who want to file Forms 941-SS instead, must notify the IRS they are electing to file quarterly Forms 941-SS and opting out of filing Form 944-SS. See *What if you want to file Forms 941-SS instead of Form 944-SS?* on page 2. For more information, see Rev. Proc. 2009-51, 2009-45 I.R.B. 625, available at [www.irs.gov/irb/2009-45\\_IRB/ar12.html](http://www.irs.gov/irb/2009-45_IRB/ar12.html).

**Correcting a previously filed Form 944-SS.** If you discover an error on a previously filed Form 944-SS, make the correction using Form 944-X, Adjusted Employer's

ANNUAL Federal Tax Return or Claim for Refund. Form 944-X is filed separately from Form 944-SS. For more information, see section 9 of 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, or visit [IRS.gov](http://IRS.gov) and enter the keywords *Correcting employment taxes*.

**Paid preparers must sign Form 944-SS.** Paid preparers must complete and sign the paid preparer's section of Form 944-SS.

**Form 944-SS—annual employment tax filing for small employers.** To reduce burden on small employers, the IRS has simplified the rules for filing employment tax returns to report social security and Medicare taxes.

**Electronic payment.** Now, more than ever before, businesses can enjoy the benefits of 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 paying easier. Spend less time and worry on taxes and more time running your business. Use Electronic Federal Tax Payment System (EFTPS) to make deposits or pay in full whether you rely on a tax professional or prepare your own taxes. Visit [www.eftps.gov](http://www.eftps.gov) or call EFTPS Customer Service at 1-800-555-4477 (U.S. Virgin Islands only), 303-967-5916 (toll call), or 1-800-733-4829 (TDD).



*If you were a semiweekly schedule depositor at any time during 2010, you must file a paper Form 944-SS and Form 945-A, Annual Record of Federal Tax Liability.*

**EFTPS deposits.** For an EFTPS deposit to be on time, you must initiate the transaction at least 1 business day before the date the deposit is due. See section 8 of Pub. 80 (Circular SS) for details.

**Same-day payment option.** If you fail to initiate 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 Application (FTA). If you ever need the same-day 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 provide to your financial institution to make a same-day wire payment, visit [www.eftps.gov](http://www.eftps.gov) to download the *Same-Day Payment Worksheet*.

**Credit or debit card payments.** Employers can pay the balance due shown on Form 944-SS by credit or debit card. **Do not** use a credit or debit card to make federal tax deposits. For more information on paying your taxes with a credit or debit card, visit [www.irs.gov/e-pay](http://www.irs.gov/e-pay). A convenience fee will be charged for this service.

**Employer's liability.** Employers are responsible to ensure that tax returns are filed and deposits and payments are made, even if the employer contracts with a third party. The

employer remains liable if the third party fails to perform a required action.

**Where can you get telephone help?** You can call the IRS toll free at 1-800-829-4933 (U.S. Virgin Islands only) or 215-516-2000 (toll call) Monday through Friday from 7:00 a.m. to 10:00 p.m. local time for answers to your questions about completing Form 944-SS, tax deposit rules, or obtaining an employer identification number (EIN).

**Photographs of missing children.** The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

## General Instructions

Federal law requires you, as an employer, to withhold taxes from your employees' paychecks. Each time you pay wages, you must withhold — or take out of your employees' paychecks — certain amounts for social security tax and Medicare tax. Under the withholding system, taxes withheld from your employees are credited to your employees in payment of their tax liabilities.

Federal law also requires employers to pay any liability for the employer's portion of social security and Medicare taxes. This portion of social security and Medicare taxes is not withheld from employees.

## What Is the Purpose of Form 944-SS?

Form 944-SS is designed so the smallest employers (those whose annual liability for social security and Medicare 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-SS. They tell you who must file the form, how to fill it out line by line, and when and where to file it.

For more information about annual employment tax filing and tax deposit rules, see Treasury Decision 9440. You can find T.D. 9440 on page 409 of Internal Revenue Bulletin 2009-5 at [www.irs.gov/pub/irs-utl/irb09-05.pdf](http://www.irs.gov/pub/irs-utl/irb09-05.pdf).

If you want more in-depth information about payroll tax topics, see Pub. 80 (Circular SS). Or visit [IRS.gov](http://IRS.gov) and enter the keywords *Employment Tax*.

If you have comments or suggestions for improving Form 944-SS or its instructions, we would be happy to hear from you. Write to the address shown in the *Privacy Act and Paperwork Reduction Act Notice* on the back of Form 944-V(SS), Payment Voucher.

## Who Must File Form 944-SS?

In general, if the IRS has notified you to file Form 944-SS, then you must file Form 944-SS to report all the following amounts.

- Wages you have paid.
- Tips your employees have received.
- Both the employer's and the employee's share of social security and Medicare taxes.
- Current year's adjustments to social security and Medicare taxes for fractions of cents, sick pay, tips, and group-term life insurance.
- Credit for COBRA premium assistance payments.
- Exemption for qualified employer's share of social security tax on wages/tips paid to qualified employees.

If you received notification to file Form 944-SS, you must file Form 944-SS to report your social security and Medicare

taxes for the 2010 calendar year, unless you contacted the IRS by April 1, 2010, to request to file Form 941-SS quarterly instead and received written confirmation that your filing requirement was changed. You must file Form 944-SS 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—See *If your business has closed...* on page 3. Also see *What if you want to file Forms 941-SS instead of Form 944-SS?* below.

**TIP** *If you have not received notification to file Form 944-SS but estimate your employment tax liability for calendar year 2011 will be \$1,000 or less and would like to file Form 944-SS instead of Forms 941-SS, you can contact the IRS to request to file Form 944-SS. To file Form 944-SS for calendar year 2011, you must call the IRS at 1-800-829-4933 (U.S. Virgin Islands only), or 215-516-2000 (toll call) by April 1, 2011, or send a written request postmarked on or before March 15, 2011. The IRS will send you a written notice that your filing requirement has been changed to Form 944-SS. If you do not receive this notice, you must file Forms 941-SS for calendar year 2011.*

**New employers** are also eligible to file Form 944-SS if they will meet the eligibility requirements. New employers filing Form SS-4, Application for Employer Identification Number, must complete line 13 of Form SS-4 indicating the highest number of employees expected in the next 12 months and must check the box on line 14 to indicate they expect to have \$1,000 or less in employment tax liability for the calendar year and would like to file Form 944-SS. Generally, if you pay \$6,536 or less in wages subject to social security and Medicare taxes, you are 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.

**TIP** *If the IRS notified you to file Form 944-SS for 2010, file Form 944-SS (and not Forms 941-SS) even if your tax liability for 2010 exceeds \$1,000.*

## What if you want to file Forms 941-SS instead of Form 944-SS?

You must file Form 944-SS if you have been notified to do so, unless you contact the IRS to request to file Form 941-SS instead. To request to file quarterly Form 941-SS to report your social security and Medicare taxes for the 2011 calendar year, you must either call the IRS at 1-800-829-4933 (U.S. Virgin Islands only), or 215-516-2000 (toll call) by April 1, 2011, or send a written request postmarked on or before March 15, 2011, unless you are a new employer. See *New employers* earlier. After you contact the IRS, the IRS will send you a written notice that your filing requirement has been changed. If you do not receive this notice, you must file Form 944-SS for calendar year 2011. See Rev. Proc. 2009-51, 2009-45 I.R.B. 625, available at [www.irs.gov/irb/2009-45\\_IRB/ar12.html](http://www.irs.gov/irb/2009-45_IRB/ar12.html).

## Who cannot file Form 944-SS?

The following employers **cannot** file Form 944-SS.

- **Employers who are not notified.** If the IRS did not notify you to file Form 944-SS, do not file Form 944-SS. You can call the IRS at 1-800-829-4933 (U.S. Virgin Islands only) or 215-516-2000 (toll call) by April 1, 2011, to determine if you can file Form 944-SS for calendar year 2011.
- **Household employers.** If you employ only household employees, do not file Form 944-SS. For more information see Pub. 926, Household Employer's Tax Guide, and Schedule H (Form 1040), Household Employment Taxes.
- **Agricultural employers.** If you employ only agricultural employees, do not file Form 944-SS. For more information, see Pub. 51 (Circular A), Agricultural

## What if you close your business?

### If your business has closed...

If you go out of business or stop paying wages to your employees, you must file a **final return**. To tell the IRS that Form 944-SS for a particular year is your final return, check the box in Part 3 on page 2 of Form 944-SS 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.

## When Must You File?

File Form 944-SS by January 31 after the end of the calendar year. File your initial Form 944-SS for the year in which you paid wages that are subject to social security and Medicare taxes if the IRS has notified you that you are to file Form 944-SS for that year. If you made deposits in full payment of your taxes for the year by January 31, you have 10 more calendar days after that date to file your Form 944-SS.

If we receive your Form 944-SS after the due date, we will treat Form 944-SS as filed on time if the envelope containing Form 944-SS is properly addressed, contains sufficient postage, and is postmarked by the U.S. Postal Service on or before the due date, or sent by an IRS-designated private delivery service on or before the due date. If you do not follow these guidelines, we will consider Form 944-SS filed when it is actually received. See Pub. 80 (Circular SS) for more information on IRS-designated private delivery services.

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

## How Should You Complete Form 944-SS?

### Review Your Business Information at the Top of the Form

If you are using a copy of Form 944-SS that has your business name and address preprinted at the top of the form, check to make sure the information is correct. Carefully review your EIN to make sure that it exactly matches the EIN assigned to your business by the IRS. If any information is incorrect, cross it out and type or print the correct information. See also *If you change your name or address...* below.

If you pay a tax preparer to fill out Form 944-SS, make sure the preparer uses your business name and EIN **exactly** as they appear on the preprinted form.

If you are not using a preprinted Form 944-SS, type or print your EIN, name, and address in the spaces provided. Also, enter your name and EIN at the top of page 2. Do not 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 on Form SS-4, Application for Employer Identification Number. For example, if you are 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."

**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 9-digit employer identification number (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 are not sure which one to use, write to the IRS office where you file your returns (using the "Form 944-SS without payment" address on page 4 under *Where Should You File?*) or call the IRS at 1-800-829-4933 (U.S. Virgin Islands only) or 215-516-6999 (toll call). TTY/TDD users in the U.S. Virgin Islands can call 1-800-829-4059.

If you do not have an EIN, you may apply for one online. Visit *IRS.gov* and click on the *Apply for an Employer Identification Number (EIN) Online* link under *Online Services*. You may also apply for an EIN by calling 1-800-829-4933 (U.S. Virgin Islands) or 215-516-6999 (toll call), or you can fax or mail Form SS-4 to the IRS. 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.



*Always be sure the EIN on the form you file exactly matches the EIN that IRS assigned to your business. Do not use your social security number on forms that ask for an EIN. Filing a Form 944-SS with an incorrect EIN or using another business's EIN may result in penalties and delays in processing your return.*

**If you change your name or address...** Notify the IRS **immediately** if you change your business name or address.

- **Name change.** Write to the IRS office using the "Form 944-SS without payment" address on page 4 under *Where Should You File?* to notify the IRS of any name change. Get Pub. 1635, Understanding Your EIN, Employer Identification Number, to see if you need to also apply for a new EIN.
- **Address change.** Complete and mail Form 8822, Change of Address, for any address change.

## Completing and Filing Form 944-SS

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

- Use 12-point Courier font (if possible) for all entries if you are using a typewriter or computer to complete Form 944-SS.
- Do not 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.
- Leave blank any data field with a value of zero (except line 7).
- Enter negative amounts using a minus sign (if possible). Otherwise, use parentheses.
- Enter your name and EIN on all pages and attachments. Filers using the IRS-preaddressed Form 944-SS are not required to enter their name and EIN on page 2.

## Reconciling Forms 944-SS and Form W-3SS

The IRS matches amounts reported on your Form 944-SS with Form W-2AS, W-2GU, W-2CM, or W-2VI amounts totaled on your Form W-3SS, Transmittal of Wage and Tax Statements. If the amounts do not agree, the IRS or SSA may contact you. The reconciled amounts are for all the following items.

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

## Must You Deposit Your Taxes?

If your liability for social security and Medicare taxes 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 do not 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, see the *Federal Tax Deposit Requirements for Form 944-SS Filers* chart below. If you do not 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 participate in the Employer's Annual Federal Tax Program and file Form 944-SS. Designated Form 944-SS filers whose businesses grow during the year may be required to make federal tax deposits (see chart below), but they will still file Form 944-SS for the year.

Federal Tax Deposit Requirements for Form 944-SS 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 are 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-SS.
\$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 8 of Pub. 80 (Circular SS).

**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-SS filers is different than the lookback period for Form 941-SS filers, so your deposit schedule may have changed. For more information, see section 8 of Pub. 80 (Circular SS).

## 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, using EFTPS if required.
- File your fully completed Form 944-SS on time.
- Report your tax liability accurately in Part 2 of Form 944-SS.
- Submit valid checks for tax payments.
- Give accurate Forms W-2AS, W-2CM, W-2GU, or W-2VI to employees.
- File Form W-3SS and Copies A of Form W-2AS, W-2CM, W-2GU, or W-2VI with the Social Security Administration (SSA) on time and accurately.

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

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

interest. Do not request abatement of assessed penalties or interest on Form 944-SS, 944-X, or Form 941-X.



*A trust fund recovery penalty may apply if social security and Medicare taxes that must be withheld are not withheld or paid. The penalty is the full amount of the unpaid trust fund tax. This penalty may apply when these unpaid taxes cannot be collected from the employer. The trust fund recovery penalty may be imposed on all people the IRS determines to be responsible for collecting, accounting for, and paying these taxes, and who acted willfully in not doing so. For details, see section 8 of Pub. 80 (Circular SS).*

## Where Should You File?

Form 944-SS with payment	Form 944-SS without payment
Internal Revenue Service P.O. Box 105273 Atlanta, GA 30348-5273	Internal Revenue Service P.O. Box 409101 Ogden, UT 84409



*Your filing or payment address may have changed from that used to file your employment tax return in prior years. If you are using an IRS-provided envelope, use only the labels and envelope provided with this tax package. Do not send Form 944-SS or any payments to the Social Security Administration (SSA). Private delivery services cannot deliver to P.O. boxes.*

## Specific Instructions

### Part 1: Answer these questions for 2010

Employers in American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands are not required to complete lines 1, 2, 8, 9, and 16 on Form 944-SS.

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

If no wages, tips, and compensation are subject to social security or Medicare taxes, check the box on line 3 and go to line 5d. 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.

### 4. Taxable social security and Medicare wages and tips

**4a. Taxable social security wages.** Report the total wages, sick pay, and fringe benefits subject to social security taxes that you paid to your employees during the year.

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% (.062) each for the employer and employee or 12.4% (.124) for both. Stop paying social security tax on and reporting an employee's wages on line 4a when the employee's taxable wages (including tips) reach \$106,800 during 2010. However, continue to withhold Medicare taxes for the whole year on wages and tips even when the social security wage base of \$106,800 has been reached.

$$\begin{array}{r} \text{line 4a (column 1)} \\ \times .124 \\ \hline \text{line 4a (column 2)} \end{array}$$



*Do not reduce the amount reported on line 4a by any amount paid to qualified new employees. The social security tax exemption on wages/tips will be figured on lines 5b and 5c and will reduce the tax on line 5d.*

**4b. Taxable social security tips.** Enter all tips your employees reported to you during the year until the total of the tips and wages for an employee reach \$106,800 in 2010. Include all tips your employees reported to you even if you were unable to withhold the 6.2% employee's share of social security tax.

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, available only in Pub. 1244, Employee's Daily Record of Tips and Report to Employer, or submit a written statement or electronic tip record.

$$\begin{array}{r} \text{line 4b (column 1)} \\ \times .124 \\ \hline \text{line 4b (column 2)} \end{array}$$



*Do not reduce the amount reported on line 4b by any amount paid to qualified new employees. The social security tax exemption on wages/tips will be figured on lines 5b and 5c and will reduce the tax on line 5d.*

**4c. Taxable Medicare wages & 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.

The rate of Medicare tax is 1.45% (.0145) each for the employer and employee, or 2.9% (.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%.

$$\begin{array}{r} \text{line 4c (column 1)} \\ \times .029 \\ \hline \text{line 4c (column 2)} \end{array}$$

For more information, see sections 4, 5, and 7 of Pub. 80 (Circular SS).



*Do not reduce the amount reported on line 4c by any amount paid to qualified new employees. The social security tax exemption on wages/tips does not apply to Medicare tax.*

**4d. Total social security and Medicare taxes.** Add social security tax, social security tips tax, and Medicare tax.

$$\begin{array}{r} \text{line 4a (column 2)} \\ \text{line 4b (column 2)} \\ + \text{line 4c (column 2)} \\ \hline \text{line 4d} \end{array}$$

## 5. Employer's social security tax exemption

Complete lines 5a–5d to figure the payroll tax exemption for the employer's share (6.2%) of social security tax on wages/tips paid to one or more qualified employees.

An employer must be a qualified employer to be eligible 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.

An employer may elect not to apply the social security tax exemption with respect to a qualified employee. The election is made by not including that employee or that employee's wages on lines 5a–5d and lines 11c–11e. An election not to apply the social security tax exemption for a qualified

employee may allow a qualified employer to claim the Work Opportunity Credit for that employee. A qualified employer cannot apply both the social security tax exemption on Form 944-SS and claim the Work Opportunity Credit for the same employee. For more information, see Form 5884, Work Opportunity Credit.

For more information about the employer's social security tax exemption, visit *IRS.gov* and enter the keywords *HIRE Act*.

**5a. Number of qualified employees paid exempt wages/tips after March 31, 2010.** Enter on line 5a the number of qualified employees paid wages/tips to which you applied the social security tax exemption.

A **qualified employee** is an individual 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 in the continuous 60-day period (including 2009) ending on the first day the employee begins employment with you;
- Does not replace another employee, unless the other employee left employment voluntarily or was terminated 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/tips** are the wages/tips paid to qualified employees for which the employer is exempt from paying the employer's 6.2% share of social security tax.

**5b. Exempt wages/tips paid to qualified employees after March 31, 2010.** Enter the amount of exempt wages/tips paid after March 31, 2010, to all qualified employees reported on line 5a. See instructions for line 5a for the definition of exempt wages/tips.

**5c. Social security tax exemption.** Multiply the amount of exempt wages/tips reported on line 5b by 6.2% (.062) and enter the result on line 5c. See the instructions for line 15 for details about applying this exemption to your tax liability.

**5d. Total taxes before adjustments.** Subtract the qualified employer's social security tax exemption (line 5c) from the total social security and Medicare taxes before adjustments (line 4d). Enter the result on line 5d.

## 6. Current year's adjustments

Enter **tax amounts** that result from current or prior period adjustments. Use a minus sign (if possible) to show an adjustment that decreases the total taxes shown on line 5d. Otherwise, use parentheses.

In certain cases, you must adjust the amounts you reported as social security and Medicare taxes in column 2 of lines 4a, 4b, and 4c to figure your correct tax liability for this year's Form 944-SS. See section 9 of Pub. 80 (Circular SS).

If you need to adjust any amount reported on line 6 from a previously filed Form 944-SS, complete and file Form 944-X. Form 944-X is filed separately from Form 944-SS. See section 9 of Pub. 80 (Circular SS).

**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 4a

through 4c may differ slightly from amounts actually withheld from employees' paychecks due to rounding social security and Medicare taxes based on statutory rates.

**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.

**Adjustments for tips and group-term life insurance.** Enter adjustments for both the following items.

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

## 7. Total taxes after adjustments

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

- **If line 7 is less than \$2,500**, you may pay the amount with Form 944-SS 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 7 is \$2,500 or more**, you generally must deposit your tax liabilities by using the Electronic Federal Tax Payment System (EFTPS) or deposit at an authorized financial institution with Form 8109. However, if you deposited all taxes accumulated in the first three quarters of the year and your fourth quarter liability is less than \$2,500, you may pay taxes accumulated during the fourth quarter with a timely filed Form 944-SS. The amount shown on line 7 **must** equal line 15m, *Total liability for year*. See section 8 of Pub. 80 (Circular SS) for information and rules about federal tax deposits.



*The IRS has issued proposed regulations under section 6302 which provide that beginning January 1, 2011, you must deposit all depository taxes (such as employment tax, excise tax, and corporate income tax) electronically using the Electronic Federal Tax Payment System (EFTPS). Under these proposed regulations, which are expected to be finalized by December 31, 2010, Forms 8109 and 8109-B, Federal Tax Deposit Coupon, cannot be used after December 31, 2010. For more information about EFTPS or to enroll in EFTPS, visit the EFTPS website at [www.eftps.gov](http://www.eftps.gov). You can also get Pub. 966, *The Secure Way to Pay Your Federal Taxes*. Or, you can call 1-800-555-4477 (U.S. Virgin Islands only), 303-967-5916 (toll call), or 1-800-733-4829 (TDD).*

## 10. Total deposits for this year...

Enter your deposits for this year, including any overpayment that you applied from filing Form 944-X or Form 941-X in the current year. Also include in the amount shown any overpayment from a previous period that you applied to this return.

## 11a. COBRA premium assistance payments

Report on this line 65% of the COBRA premiums for assistance eligible individuals. Take the COBRA 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% of the premium in the amount entered on this line. For more information on COBRA premium subsidy, visit [IRS.gov](http://IRS.gov) and enter the keyword **COBRA**.



*The amount reported on line 11a is treated as a deposit of taxes on the first day of your return period and must not be used to adjust line 15 or Form 945-A.*

## 11b. Number of individuals provided COBRA premium assistance

Enter the total number of assistance eligible individuals provided COBRA premium assistance reported on line 11a. 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 11b for the premium assistance. Further, each individual is reported only once per year. For example, an assistance eligible individual who made monthly premium payments during the year would only be reported as one individual.

## 11c. Number of qualified employees paid exempt wages/tips March 19–31

Enter on line 11c the number of qualified employees paid exempt wages/tips from March 19, 2010, through March 31, 2010. Include only qualified employees for whom you are claiming the social security tax exemption. For the definition of qualified employee, see the instructions for line 5a on page 5.

## 11d. Exempt wages/tips paid to qualified employees March 19–31

Enter the amount of exempt wages/tips paid March 19, 2010 through March 31, 2010, to all qualified employees reported on line 11c. For the definition of exempt wages/tips, see the instructions for line 5a on page 5.

## 11e. Social security tax exemption for March 19–31

Multiply the amount of exempt wages/tips reported on line 11d by 6.2% (.062) and enter the result on line 11e.



*The amount reported on line 11e is treated as a deposit of taxes on April 1, 2010, and must not be used to adjust line 15 or Form 945-A.*

## 12. Total deposits and COBRA credit

Add lines 10, 11a, and 11e.

## 13. Balance due

If line 7 is more than line 12, write the difference on line 13. Otherwise, see *Overpayment* on page 7.

You do not have to pay if line 13 is less than \$1. Generally, you should have a balance due only if your total taxes after adjustments (line 7) are less than \$2,500. See *If line 7 is \$2,500 or more* above for an exception.

If line 13 is:

- Less than \$1, you do not have to pay it.
- Between \$1 and \$2,500, you can pay the amount owed with your return. Make your check or money order payable to the *United States Treasury* and write your EIN, *Form 944-SS*, and *2010* on the check or money order. Complete Form 944-V(SS), Payment Voucher, and enclose it with your return.
- \$2,500 or more, you must deposit your tax using EFTPS. See *Must You Deposit Your Taxes?* on page 3.

You may pay the amount shown on line 13 using EFTPS or a credit or debit card. **Do not** use a credit or debit card to pay taxes that were required to be deposited. For more information, visit the IRS website at [www.irs.gov/e-pay](http://www.irs.gov/e-pay).

If you pay by EFTPS or credit or debit card, file your return using the "Form 944-SS without payment" address on page 4 under *Where Should You File?* and **do not** file Form 944-V(SS), Payment Voucher.



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

## 14. Overpayment

If line 12 is more than line 7, write the amount on line 14. **Never** make an entry on both lines 13 and 14.

If you deposited more than the correct amount for a year, you can choose to have us either refund the overpayment or apply it to your next return. Check the appropriate box on line 14. 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 14 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.

**Complete both pages.** You must complete both pages of Form 944-SS and sign on page 2. Failure to do so may delay processing of your return.

## Part 2: Tell us about your tax liability for 2010

### 15. Check one:

If line 7 is less than \$2,500, check the first box on line 15 and go to line 17.

If line 7 is \$2,500 or more, check the second box on line 15. If you are a monthly schedule depositor, fill out your tax liability for each month and figure the total liability for the year. If you do not enter your tax liability for each month, the IRS will not know when you should have made deposits and may assess an “averaged” failure-to-deposit penalty. See section 8 of Pub. 80 (Circular SS). If your tax liability for any month is negative (for example, if you are adjusting an overreported liability in a prior month), 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.

**Note.** Your total tax liability for the year (line 15m) must equal your total taxes on line 7.

If you are a semiweekly schedule depositor, or if you accumulate \$100,000 or more in tax liability on any day in a deposit period, you must complete Form 945-A, Annual Record of Federal Tax Liability, and file it with Form 944-SS. See the *\$100,000 Next Day Deposit Rule* in section 8 of Pub. 80 (Circular SS). Do not complete lines 15a through 15m if you file Form 945-A.

**Adjusting tax liability for employer’s social security exemption reported on line 5c.** Monthly schedule depositors and semiweekly schedule depositors must account for the employer’s social security tax exemption (line 5) when reporting their tax liabilities on line 15 or Forms 945-A. The total liability reported for the year must equal the amount reported on line 7. Failure to account for the social security tax exemption on line 15 or Form 945-A may cause line 7 to be less than the total tax liability reported on line 15 or Form 945-A. Do not reduce the tax liability on line 15 or Form 945-A below zero.

## Part 3: Tell us about your business

In Part 3, answer question 17 only if it applies to your business. If it does not apply, leave it blank and go to Part 4.

## 17. If your business has closed or you stopped paying wages...

If you go out of business or stop paying wages, you must file a **final return**. To notify the IRS that a particular Form 944-SS is your final return, check the box on line 17 and enter the date you last paid wages in the space provided.

## 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-SS with the IRS, check the “Yes” box in Part 4. Enter the name, phone number, and the 5-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 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. 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 1 year after the due date (without regard to extensions) for filing your Form 944-SS. If you or your designee want to terminate the authorization, write to the IRS office for your locality using the “Form 944-SS without payment” address under *Where Should You File?* on page 4.

## Part 5: Sign here

Complete all information in Part 5 and sign Form 944-SS as follows:

- **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 member or officer having knowledge of its affairs.
- **Single member LLC treated as a disregarded entity**— The owner of the LLC, or principal officer duly authorized to sign.
- **Trust or estate**— The fiduciary.

If you have filed a valid power of attorney, your duly authorized agent may also sign your Form 944-SS.

**Alternative signature method.** Corporate officers or duly authorized agents may sign Form 944-SS 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/pub/irs-irbs/irb05-28.pdf](http://www.irs.gov/pub/irs-irbs/irb05-28.pdf).

**Paid preparer use only.** A paid preparer must sign Form 944-SS and provide the information in the *Paid preparer use only* section of Part 5 if the preparer was paid to prepare Form 944-SS 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 your 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](http://www.irs.gov/taxpros). You cannot use your PTIN in place of the EIN of the tax preparation firm.

Generally, do not 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.

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## How to Order Forms and Publications from the IRS

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Call 1-800-829-3676 (U.S. Virgin Islands only) or 215-516-2000 (toll call).



Visit [IRS.gov](http://IRS.gov).

## Other IRS Products You May Need

- Form SS-4, Application for Employer Identification Number
- Form W-2AS, W-2GU, W-2CM, or W-2VI, Wage and Tax Statement
- Form W-2c, Corrected Wage and Tax Statement
- Form W-3SS, Transmittal of Wage and Tax Statements
- Form W-3c, Transmittal of Corrected Wage and Tax Statements
- Form W-4, Employee's Withholding Allowance Certificate
- Form W-11, Hiring Incentives to Restore Employment (HIRE) Act Employee Affidavit
- Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return
- Form 941-SS, Employer's QUARTERLY Federal Tax Return
- Form 941-X, Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund
- Form 943, Employer's Annual Federal Tax Return for Agricultural Employees
- Form 943-X, Adjusted Employer's Annual Federal Tax Return for Agricultural Employees or Claim for Refund
- Form 944-X, Adjusted Employer's ANNUAL Federal Tax Return and Claim for Refund
- Form 945-A, Annual Record of Federal Tax Liability
- Form 4070, Employee's Report of Tips to Employer
- Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips
- Form 8655, Reporting Agent Authorization
- Instructions for Form 941-SS, Employer's QUARTERLY Federal Tax Return
- Pub. 80 (Circular SS), Employer's Tax Guide for Employers in the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands
- Pub. 15-A, Employer's Supplemental Tax Guide
- Pub. 15-B, Employer's Tax Guide to Fringe Benefits
- Pub. 51, (Circular A), Agricultural Employer's Tax Guide
- Pub. 926, Household Employer's Tax Guide
- Pub. 947, Practice Before the IRS and Power of Attorney
- Schedule H (Form 1040), Household Employment Taxes