

# Employer's Monthly Federal Tax Return

OMB No. 1545-0718

Return for (enter month and year) . . . . . ▶

Name, address, ZIP code, and employer identification number

For IRS Use Only	
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If not correct, please change.

<b>1 For March Only:</b> Number of employees (except household) employed in the pay period that includes March 12th . . . . . ▶	<b>1</b>	
<b>2</b> Total wages and tips, plus other compensation . . . . .	<b>2</b>	
<b>3</b> Total income tax withheld from wages, tips, and sick pay . . . . .	<b>3</b>	
<b>4</b> Adjustment of withheld income tax for preceding months of calendar year . . . . .	<b>4</b>	
<b>5</b> Adjusted total of income tax withheld (line 3 as adjusted by line 4)	<b>5</b>	
<b>6</b> Taxable social security wages . . . . .	<b>6a</b>	\$ <input type="text"/> × 12.4% (.124) =
Taxable social security tips . . . . .	<b>6c</b>	\$ <input type="text"/> × 12.4% (.124) =
<b>7</b> Taxable Medicare wages and tips . . . . .	<b>7a</b>	\$ <input type="text"/> × 2.9% (.029) =
<b>8</b> Total social security and Medicare taxes (add lines 6b, 6d, and 7b)	<b>8</b>	
<b>9</b> Adjustment of social security and Medicare taxes (see instructions)	<b>9</b>	
<b>10</b> Adjusted total of social security and Medicare taxes (line 8 as adjusted by line 9)	<b>10</b>	
<b>11</b> Total taxes (add lines 5 and 10)	<b>11</b>	
<b>12</b> Advance earned income credit (EIC) payments made to employees (see instructions)	<b>12</b>	
<b>13</b> Net taxes (subtract line 12 from line 11)	<b>13</b>	

14 Record of Federal Tax Liability and Deposits (See instructions on page 4.)							
Tax Liability		Amount Deposited		Tax Liability		Amount Deposited	
Overpayment from previous month . . . . . ▶							
1		12		23		24	
2		13		24		25	
3		14		25		26	
4		15		26		27	
5		16		27		28	
6		17		28		29	
7		18		29		30	
8		19		30		31	
9		20		31			
10		21					
11		22					
<b>a</b> Total tax liability for the month . . . . .						<b>14a</b>	
<b>b</b> Total deposits for the month (including overpayment from previous month) . . . . .						<b>14b</b>	

**15** Undeposited taxes due (subtract line 14b from line 14a). See instructions . . . . . ▶ **15**

**16** If line 14b is more than line 14a, enter overpayment here ▶ \$  and check if to be:  Applied to next return or  Refunded.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete.

Signature ▶ Print Your Name and Title ▶ Date ▶

**Paperwork Reduction Act Notice.**—We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 or 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. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 11 hr., 43 min.; **Learning about the law or the form**, 24 min.; **Preparing, copying, assembling, and sending the form to the IRS**, 36 min. If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send this tax form to this address. Instead, use the preaddressed envelope furnished to you.

### Change To Note

**Social security wage base for 1997.**—Stop withholding social security tax after an employee reaches **\$65,400** in taxable wages.

## General Instructions

*Section references are to the Internal Revenue Code.*

**Purpose of form.**—Use this form to report monthly the (1) income tax you withheld from wages, tips, supplemental unemployment compensation benefits, and third-party payments of sick pay; and (2) social security and Medicare taxes. If you report just one kind of tax, fill in only the lines that apply.

**Who must file.**—File Form 941-M if you are required to report income taxes withheld, social security taxes, and Medicare taxes on a monthly basis. The District Director may require monthly returns on this form and payments of tax from any employer who has not complied with the requirements for the filing of returns or the paying or depositing of taxes reported on quarterly returns. You are not required to file monthly returns unless you receive written notification from the District Director or his or her delegate to do so. A preaddressed Form 941-M will be mailed to you before your first monthly return is due and for each month thereafter. If you no longer expect to pay amounts subject to tax reportable on Form 941-M, write "Final Return" at the top of your last return and attach an explanation of the reason you are no longer liable.

**When to file.**—Form 941-M for any month is due by the 15th day of the following month. If the due date for filing a return falls on a Saturday, Sunday, or legal holiday, you may file the return on the next business day.

**Where to file.**—File Form 941-M, with any payment due, using the preaddressed envelope furnished to you. Keep the duplicate Form 941-M for your records.

**Forms W-4.**—You are required to send to the IRS copies of any Forms W-4 received during the month from employees still employed by you at the end of the month claiming (1) more than 10 withholding allowances or (2) exemption from income tax withholding if their wages are expected to exceed \$200 a week. For details, see section 9 of **Circular E**, Employer's Tax Guide. Do not send any Forms W-4P or W-4S to the IRS.

**Form W-5.**—Each eligible employee wishing to receive any advance earned income credit (EIC) payments must give you a completed **Form W-5**, Earned Income Credit Advance Payment Certificate. The employer's requirement to notify certain employees about the EIC can be met by giving each eligible employee **Notice 797**, Possible Federal Tax Refund Due to the Earned Income Credit (EIC). See section 10 of Circular E and **Pub. 596**, Earned Income Credit, for more information.

**Form W-2.**—By January 31, furnish Forms W-2 to employees who worked for you the previous year. If an employee stops working for you before the end of the year, you may furnish him or her Form W-2 any time after employment ends. However, if the employee asks you for Form W-2, furnish him or her the completed form within 30 days after the request or the final wage payment, whichever is later. Send Copy A of all **Forms W-2**, Wage and Tax Statement, issued for the year with a **Form W-3**, Transmittal of Wage and Tax Statements, to the Social Security Administration (SSA) by the last day of February.

**Note:** *If you file a final return on Form 941-M, you are also required to furnish Form W-2 to your employees by the last day of the month in which the final Form 941-M is due. File Forms W-2 and W-3 with the Social Security Administration by the last day of the month following the month your final Form 941-M was due. See the **Instructions for Form W-2** for details.*

**Penalties and interest.**—There are penalties for filing a return late and paying or depositing taxes late, unless there is reasonable cause. If you are late, please attach an explanation to your return. There are also penalties for failure to (1) furnish Forms W-2 to employees and file copies with the SSA, (2) keep records, and (3) deposit taxes when required. In addition, there are penalties for willful failure to file returns and pay taxes when due and for filing false returns or submitting bad checks. Interest is charged on taxes paid late at the rate set by law. See Circular E for additional information.

**Caution:** *A trust fund recovery penalty may apply if income, social security, and Medicare taxes that must be withheld are not withheld or are not paid to the IRS. Under this penalty, certain officers or employees of a corporation, employees of a sole proprietorship, or partners or employees of a partnership become personally liable for payment of the taxes and are penalized an amount equal to the unpaid taxes. This penalty may be applicable when these unpaid taxes cannot be immediately collected from the employer or business. The trust fund recovery penalty may be imposed on all persons who are determined by the IRS to be responsible for collecting, accounting for, and paying over these taxes, and who acted willfully in not doing so. Willfully in this case means voluntarily, consciously, and intentionally. See section 11 of Circular E for more information concerning who may be liable for the trust fund recovery penalty.*

**Related publications.**—Circular E explains the rules for withholding, paying, depositing, and reporting Federal income tax, social security and Medicare taxes, and Federal unemployment (FUTA) tax on wages. See **Pub. 15-A**, Employer's Supplemental Tax Guide, for information on sick pay paid by third-party payers. **Circular A**, Agricultural Employer's Tax Guide, explains rules for employers who have farmworkers. These publications are available by calling 1-800-TAX-FORM.

## Specific Instructions

**Reconciliation of Forms 941-M and W-3.**—Certain amounts reported on the monthly Forms 941-M for the year should agree with the Form W-2 totals reported on Form W-3. The amounts that should agree are income tax withholding, social security wages, social security tips, Medicare wages and tips, and the advance earned income credit. If the totals do not agree, the IRS will require you to explain the differences and correct any errors. You can avoid this by making sure that correct amounts are reported on Forms 941-M and W-3. See section 12 of Circular E for more details.

**Line 1—(March Only) Number of employees.**—Do not include household employees, persons who received no pay during the pay period, pensioners, or members of the Armed Forces. An entry of 250 or more on line 1 indicates a need to file Forms W-2 on magnetic media. Call the SSA at 1-800-772-1213 for more information on magnetic media filing requirements.

**Line 2—Taxable wages and tips, plus other compensation.**—Enter the total of all wages paid, tips reported, taxable fringe benefits provided, and other compensation paid to your employees, **even if you do not have to withhold income or social security and Medicare taxes on it.** Do not include supplemental unemployment compensation benefits, even if you withheld income tax on them. Do not include contributions to employee plans that are excluded from the employee's wages (e.g., section 401(k) and 125 plans).

# Employer's Monthly Federal Tax Return

OMB No. 1545-0718

Return for (enter month and year) . . . . . ▶

Type or print in this space your name, address, ZIP code and employer identification number as shown on original.

# YOUR COPY

<b>1</b>	<b>For March Only:</b> Number of employees (except household) employed in the pay period that includes March 12th . . . . . ▶	<b>1</b>	
<b>2</b>	Total wages and tips, plus other compensation . . . . .	<b>2</b>	
<b>3</b>	Total income tax withheld from wages, tips, and sick pay. . . . .	<b>3</b>	
<b>4</b>	Adjustment of withheld income tax for preceding months of calendar year . . . . .	<b>4</b>	
<b>5</b>	Adjusted total of income tax withheld (line 3 as adjusted by line 4) . . . . .	<b>5</b>	
<b>6</b>	Taxable social security wages . . . . .	<b>6a</b>	\$
			× 12.4% (.124) =
	Taxable social security tips . . . . .	<b>6c</b>	\$
			× 12.4% (.124) =
<b>7</b>	Taxable Medicare wages and tips . . . . .	<b>7a</b>	\$
			× 2.9% (.029) =
<b>8</b>	Total social security and Medicare taxes (add lines 6b, 6d, and 7b) . . . . .	<b>8</b>	
<b>9</b>	Adjustment of social security and Medicare taxes (see instructions) . . . . .	<b>9</b>	
<b>10</b>	Adjusted total of social security and Medicare taxes (line 8 as adjusted by line 9) . . . . .	<b>10</b>	
<b>11</b>	Total taxes (add lines 5 and 10) . . . . .	<b>11</b>	
<b>12</b>	Advance earned income credit (EIC) payments made to employees (see instructions) . . . . .	<b>12</b>	
<b>13</b>	Net taxes (subtract line 12 from line 11) . . . . .	<b>13</b>	

**14 Record of Federal Tax Liability and Deposits (See instructions on page 4.)**

Tax Liability		Amount Deposited		Tax Liability		Amount Deposited		Tax Liability		Amount Deposited	
Overpayment from previous month . . . . . ▶											
<b>1</b>		<b>12</b>		<b>23</b>							
<b>2</b>		<b>13</b>		<b>24</b>							
<b>3</b>		<b>14</b>		<b>25</b>							
<b>4</b>		<b>15</b>		<b>26</b>							
<b>5</b>		<b>16</b>		<b>27</b>							
<b>6</b>		<b>17</b>		<b>28</b>							
<b>7</b>		<b>18</b>		<b>29</b>							
<b>8</b>		<b>19</b>		<b>30</b>							
<b>9</b>		<b>20</b>		<b>31</b>							
<b>10</b>		<b>21</b>									
<b>11</b>		<b>22</b>									
<b>a</b>	Total tax liability for the month . . . . .	<b>14a</b>									
<b>b</b>	Total deposits for the month (including overpayment from previous month) . . . . .	<b>14b</b>									

**15** Undeposited taxes due (subtract line 14b from line 14a). See instructions . . . . . ▶ **15**

**16** If line 14b is more than line 14a, enter overpayment here ▶ \$ and check if to be:  Applied to next return or  Refunded.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete.

Signature ▶

Print Your Name and Title ▶

Date ▶

**Line 3—Total income tax withheld.**—Enter the total income tax you withheld on wages, tips, taxable fringe benefits, sick pay, and supplemental unemployment compensation benefits.

**Line 4—Adjustment of withheld income tax.**—Use line 4 to correct errors in income tax withheld from wages paid in earlier months of the **same calendar year** or to correct administrative errors. See section 13 of Circular E for more information. Consult your District Director before claiming a credit or adjustment.

**Line 5—Adjusted total of income tax withheld.**—Add line 4 to line 3 if you are reporting additional withheld income tax for an earlier month in this calendar year. Subtract line 4 from line 3 if you are reducing the amount of withheld income tax reported for an earlier month in this calendar year.

**Line 6a—Taxable social security wages.**—Enter the total wages subject to social security taxes that you paid your employees during the month. Also include any sick pay and taxable fringe benefits subject to social security taxes. Enter the amount before deductions. Do not include tips on this line. Stop reporting for any employee whose wages (including tips) reach \$65,400 for 1997. See the line 7a instructions below for Medicare tax. However, continue to withhold income tax for the whole year on wages and tips even when the limit of \$65,400 is reached.

**Line 6c—Taxable social security tips.**—Enter all tips your employees reported during the month until tips and wages for each employee reach \$65,400 in 1997. Do this even if you were not able to withhold the employee tax (6.2%). However, report the uncollected employee's share of social security tax on line 9. Also see section 6 of Circular E.

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

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

**Line 7a—Taxable Medicare wages and tips.**—Use this line to report all wages and tips subject to the Medicare portion of social security. Also include any sick pay and taxable fringe benefits subject to Medicare taxes. If none of the payments are subject to Medicare tax, enter -0-.

Include all tips your employees reported during the month, even if you were not able to withhold the employee tax (1.45%). However, report the uncollected employee's share of Medicare tax on line 9. Also see section 6 of Circular E.

**Line 9—Adjustment of social security and Medicare taxes.**—Consult your District Director before claiming a credit or adjustment.

*Current period adjustments.*—In certain cases, amounts reported as social security and Medicare taxes on lines 6b, 6d, and 7b must be adjusted to arrive at your correct tax liability. See section 13 of Circular E for information on the following adjustments:

- Adjustment for the uncollected employee share of social security and Medicare taxes on tips.
- Adjustment for the employee share of social security and Medicare taxes on group-term life insurance premiums paid for former employees.
- Adjustment for the employee share of social security and Medicare taxes for sick pay withheld by a third-party payer.
- Fractions of cents adjustment.

*Prior period adjustments.*—Use line 9 to correct errors in social security and Medicare taxes reported on an earlier return. If you report both an underpayment and an overpayment, show only the difference. Explain any prior period adjustments on **Form 941c**, Supporting Statement To Correct Information.

**Line 10—Adjusted total of social security and Medicare taxes.**—Add line 9 to line 8 if the net adjustment on line 9 is positive (e.g., you are reporting additional taxes for an earlier month). Subtract line 9 from line 8 if the net adjustment on line 9 is negative.

**Line 12—Advance earned income credit (EIC) payments made to employees.**—Enter advance EIC payments made to employees. Your eligible employees may elect to receive part of the EIC as an advance payment. Eligible employees who have a qualifying child must give you a completed Form W-5 stating that they qualify for the EIC. Once the employee gives you a signed and completed Form W-5, you must make the advance EIC payments. The advance EIC payments made to eligible employees are generally made from withheld income tax and employee and employer social security and Medicare taxes. See section 10 of Circular E and Pub. 596 for more information on advance EIC payments and eligibility requirements.

If the amount of your advance EIC payments exceeds your total taxes (line 11) for the month, you may claim a refund of the overpayment or elect to have the credit applied to your return for the following month. Provide a statement with your return identifying the amount of excess payment(s) and the pay period(s) in which it was paid. See section 10 of Circular E for more details.

**Special deposit account.**—Do not use **Form 8109**, Federal Tax Deposit Coupon, and do not complete the Record of Federal Tax Liability and Deposits if you are required to have a special deposit account under section

7512(b). If you have received, by hand delivery, **Form 2481**, Notice To Make Special Deposits of Taxes, you are required to deposit in a separate bank account any taxes collected or required by law to be collected. Your deposit must be made not later than the end of the second banking day after any taxes were required to be collected from your employees. The taxes deposited must be kept in the account until paid to the IRS with any employer tax that may be due. The account must be designated as a special fund in trust for the United States, payable to the IRS by you as trustee. For the definition of the term "bank," please see Form 2481.

**Federal tax deposits.**—If you are not required to have a special deposit account, then, in general, you must deposit your tax liabilities at an authorized financial institution with Form 8109 or by using the **Electronic Federal Tax Payment System (EFTPS)**. If your total deposits of social security, Medicare, and withheld income taxes were more than \$50,000 in 1995, you must make electronic deposits using EFTPS for all depository tax liabilities that occur after June 30, 1997. For more information on the deposit rules and the electronic deposit requirements, see section II of Circular E.

**Line 14—Record of Federal tax liability and deposits.**—If you have to deposit taxes using the Federal Tax Deposit System, complete both columns of the record. In the tax liability column, include income tax withheld plus both the employer and employee shares of social security and Medicare taxes minus advance EIC payments (if any) for each day. Enter each tax liability in the numbered entry space corresponding to the date of payment (payday). Enter each deposit amount in the numbered entry space corresponding to the date of deposit.

**Line 14a—Total tax liability for the month.**—The amount on this line must equal net taxes (line 13). Otherwise, you may be charged a penalty based on your average tax liability for failure to make deposits of taxes.

**Line 15—Undeposited taxes due.**—If line 13 is \$500 or more and you have deposited all taxes when due, the amount shown on line 15 should be zero. (However, see section 11 of Circular E regarding payments made under the Accuracy of Deposits rule.) **Caution:** *If you fail to make required deposits at an authorized depository or by using EFTPS and instead pay these amounts with your return, you may be subject to a penalty.*

**Line 16—Overpayment.**—If you deposited more than the correct amount for a month, you can have the overpayment refunded or applied to your next return. Show any amount applied in the Record of Federal Tax Liability and Deposits on your next return.

**Signature.**—Be sure to sign the return, print your name and title, and enter the date.

