

Instructions for Schedule B Form 941

(Rev. March 2024)

Report of Tax Liability for Semiweekly Schedule Depositors



Department of the Treasury
Internal Revenue Service

Instruction for Form 941 Schedule B (Rev 04 2024) Catalog Number 72626E
Department of the Treasury **Internal Revenue Service** www.irs.gov



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

Future Developments

For the latest information about developments related to Schedule B and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form941](https://www.irs.gov/Form941).

What's New

The COVID-19 related credit for qualified sick and family leave wages is limited to leave taken after March 31, 2020, and before October 1, 2021, and may no longer be claimed on Form 941. Effective for tax periods beginning after December 31, 2023, the lines used to claim the credit for qualified sick and family leave wages have been removed from Form 941 because it would be extremely rare for an employer to pay wages in 2024 for qualified sick and family leave taken after March 31, 2020, and before October 1, 2021. Therefore, the instructions on adjusting your tax liability for

the nonrefundable portion of this credit have been removed from these instructions. See the Instructions for Form 941

if you're eligible to claim the credit for qualified sick and family leave wages because you paid the wages in 2024 for an earlier applicable leave period.

Reminders

Qualified small business payroll tax credit for increasing research activities.

For tax years beginning before January 1, 2023, a qualified small business may elect to claim up to \$250,000 of its credit for increasing research activities as a payroll tax credit. The Inflation Reduction Act of 2022 (the IRA) increases the election amount to \$500,000 for tax years beginning after December 31, 2022. The payroll tax credit election must be made on or before the due date of the originally filed income tax return (including extensions). The portion of the

credit used against payroll taxes is allowed in the first calendar quarter beginning after the date that the qualified small business filed its income tax return. The election and determination of the credit amount that will be used against the employer's payroll taxes are made on Form 6765, Credit for Increasing Research Activities. The amount from Form 6765, line 44, must then be reported on Form 8974, Qualified Small Business Payroll Tax Credit for Increasing Research Activities.

Starting in the first quarter of 2023, the payroll tax credit is first used to reduce the employer share of social security tax up to \$250,000 per quarter and any remaining credit reduces the employer share of Medicare tax for the quarter. Any remaining credit, after reducing the employer share of social security tax and the employer share of Medicare tax, is then carried forward to the next quarter. Form 8974 is used to determine the amount of the credit that can be used in

the current quarter. For more information about the payroll tax credit, see [IRS.gov/ResearchPayrollTC](https://www.irs.gov/ResearchPayrollTC). Also see Adjusting tax liability for the qualified small business payroll tax credit for increasing research activities (Form 941, line 11), later.

Reporting prior period adjustments. Prior period adjustments are reported on Form 941-X, Adjusted Employer's QUARTERLY Federal Tax Return or Claim for

Refund, or Form 944-X, Adjusted Employer's ANNUAL Federal Tax Return or Claim for Refund, and aren't taken into account when figuring the tax liability for the current quarter.

When you file Schedule B with your Form 941, don't change your current quarter tax liability by adjustments reported on any Form 941-X or 944-X.

Amended Schedule B. If you have been assessed a failure-to-deposit (FTD) penalty, you may be able to file an amended Schedule B. See *Correcting Previously Reported Tax Liability*, later.

General Instructions

Purpose of Schedule B

These instructions tell you about Schedule B. To determine if you're a semiweekly schedule depositor, see section 11 of Pub. 15, Employer's Tax Guide.

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

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

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

On Schedule B, list your tax liability for each day. Your tax liability is based on the dates wages were paid. Your liability includes:

- The federal income tax you withheld from your employees' pay, and
- Both the employer and employee share of social security and Medicare taxes.

Don't use Schedule B to show federal tax deposits. The IRS gets deposit data from electronic funds transfers.



The IRS uses Schedule B to determine if you've deposited your federal employment tax liabilities on time. If you're a semiweekly schedule depositor and you don't properly complete and file your Schedule B with Form 941, the IRS may propose an "averaged" FTD penalty. See Deposit Penalties in section 11 of Pub. 15.

Who Must File?

File Schedule B if you're a semiweekly schedule depositor. You're a semiweekly schedule depositor if you reported more than \$50,000 of employment taxes in the lookback period or accumulated a tax liability of \$100,000 or more on any given day in the current or prior calendar year. If you became a semiweekly schedule depositor during the quarter, you must complete Schedule B for the entire quarter. See section 11 of Pub. 15. The \$100,000 tax liability threshold requiring a next-day deposit is determined before you

consider any reduction of your liability for nonrefundable credits.



Don't complete Schedule B if you have a tax liability on Form 941, line 12, that is less than \$2,500 during the quarter.

When Must You File?

Schedule B is filed with Form 941. Therefore, the due date of Schedule B is the same as the due date for the applicable Form 941. In some situations, Schedule B may be filed with Form 941-X. See Form 941-X, later, for details.

Don't file Schedule B as an attachment to Form 944, Employer's ANNUAL Federal Tax Return. Instead, if you're a semiweekly schedule depositor that is required to file a report of tax liability with Form 944, use Form 945-A, Annual Record of Federal Tax Liability.

Specific Instructions

Completing Schedule B

Enter Your Business Information

Carefully enter your employer identification number (EIN) and name at the top of the schedule. Make sure that they exactly match the name of your business and the EIN that the IRS assigned to your business and also agree with the name and EIN shown on the attached Form 941 or 941-X.

Calendar Year

Enter the calendar year that applies to the quarter checked.

Check the Box for the Quarter

Under *Report for this Quarter* at the top of Schedule B, check the appropriate box of the quarter for which you're filing this schedule. Make sure the quarter checked on the top of

the Schedule B matches the quarter checked on your Form 941 or 941-X.

Enter Your Tax Liability by Month

Schedule B is divided into the 3 months that make up a quarter of a year. Each month has 31 numbered spaces that correspond to the dates of a typical month. Enter your tax liabilities in the spaces that correspond to the dates you paid wages to your employees, not the date payroll liabilities were accrued or deposits were made.

For example, if your payroll period ended on December 31, 2023, and you paid the wages for that period on January 6, 2024, you would:

- Go to Month 1 (because January is the first month of the quarter), and
- Enter your tax liability on line 6 (because line 6 represents the sixth day of the month).



Make sure you have checked the appropriate box in Part 2 of Form 941 to show that you're a semiweekly schedule depositor.

Example 1. Cedar Co. is a semiweekly schedule depositor that pays wages for each month on the last day of the month. On December 24, 2024, Cedar Co. also paid its employees year-end bonuses (subject to employment taxes). Cedar Co. must report employment tax liabilities on Schedule B for the fourth quarter (October, November, December) as follows.

Month	Lines for dates wages were paid
1 (October)	line 31 (payday, last day of the month)
2 (November)	line 30 (payday, last day of the month)

3 (December) line 24 (bonus paid
December 24, 2024)

3 (December) line 31 (payday, last day of
the month)

Example 2. Fir Co. is a semiweekly schedule depositor that pays employees every other Friday. Fir Co.

accumulated a \$20,000 employment tax liability on each of these pay dates: January 5, 2024; January 19, 2024; February 2, 2024; February 16, 2024; March 1, 2024; March 15, 2024; and March 29, 2024. Fir Co. must report employment tax liabilities on Schedule B as follows.

Month	Lines for dates wages were paid
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1 (January)	lines 5 and 19
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2 (February) lines 2 and 16

3 (March) lines 1, 15, and 29

Example 3. Elm Co. is a new business and monthly schedule depositor for 2024. Elm Co. paid wages every Friday and accumulated a \$2,000 employment tax liability on January 19, 2024. On January 26, 2024, and on every subsequent Friday during 2024, Elm Co. accumulated a \$110,000 employment tax liability. Under the deposit rules, employers become semiweekly schedule depositors on the day after any day they accumulate \$100,000 or more of employment tax liability in a deposit period. Elm Co. became a semiweekly schedule depositor on January 27, 2024, because Elm Co. had a total accumulated employment tax liability of \$112,000 on January 26, 2024. For more information, see section 11 of Pub. 15.

Elm Co. must complete Schedule B as shown next and file it with Form 941. Elm Co. won't check the second box on Form 941, line 16, even though Elm Co. was a monthly schedule depositor until January 27, 2024. Instead, Elm Co. must check the third box on Form 941, line 16.

Month	Lines for dates wages were paid	Amount to report
1 (January)	line 19	\$2,000
1 (January)	line 26	\$110,000
2 (February)	lines 2, 9, 16, and 23	\$110,000
3 (March)	lines 1, 8, 15, 22, and 29	\$110,000

Total Liability for the Quarter

To find your total liability for the quarter, add your monthly tax liabilities.

Tax Liability for Month 1

+ Tax Liability for Month 2

+ Tax Liability for Month 3

Total Liability for the Quarter



Your total liability for the quarter must equal line 12 on Form 941.

Adjusting tax liability for the qualified small business payroll tax credit for increasing research activities (Form 941, line 11). Semiweekly schedule depositors must account for the qualified small business payroll tax credit for increasing research activities claimed on Form 941, line 11, when reporting their tax liabilities on Schedule B.

The total tax liability for the quarter must equal the amount reported on Form 941, line 12. Failure to account for the qualified small business payroll tax credit for increasing research activities on Schedule B may cause Schedule B to report more than the total tax liability reported on Form 941, line 12. Don't reduce your daily tax liability reported on Schedule B below zero.

Beginning with the first quarter of 2023, the qualified small business payroll tax credit for increasing research activities is first used to reduce the employer share of social security tax (up to \$250,000) for the quarter and any remaining credit is then used to reduce the employer share of Medicare tax for the quarter until it reaches zero. In completing Schedule B, you take into account the payroll tax credit against the liability for the employer share of social security tax starting with the first payroll payment of the quarter that includes payments of wages subject to

social security tax to your employees until you use up to \$250,000 of credit against the employer share of social security tax and you then take into account any remaining payroll tax credit against the liability for the employer share of Medicare tax starting with the first payroll payment of the quarter that includes payments of wages subject to Medicare tax to employees. Consistent with the entries on Schedule B, the payroll tax credit should be taken into account in making deposits of employment tax. If any payroll tax credit is remaining at the end of the quarter that hasn't been used completely because it exceeds \$250,000 of the employer share of social security tax and the employer share of Medicare tax for the quarter, the excess credit may be carried forward to the succeeding quarter and allowed as a payroll tax credit for the succeeding quarter. The payroll tax credit may not be taken as a credit against income tax withholding, the employee share of social security tax, or the employee

share of Medicare tax. Also, the remaining payroll tax credit may not be carried back and taken as a credit against wages paid from preceding quarters. For more information about the payroll tax credit, go to [IRS.gov/ResearchPayrollTC](https://www.irs.gov/ResearchPayrollTC).

Example. Rose Co. is an employer with a calendar tax year that filed its timely 2023 income tax return on April 15, 2024. Rose Co. elected to take the qualified small business payroll tax credit for increasing research activities on Form 6765. The third quarter of 2024 is the first quarter that begins after Rose Co. filed the income tax return making the payroll tax credit election. Therefore, the payroll tax credit applies against Rose Co.'s share of social security tax (up to \$250,000) and Medicare tax on wages paid to employees in the third quarter of 2024. Rose Co. is a semiweekly schedule depositor. Rose Co. completes Schedule B by reducing the amount of liability entered for the first payroll

payment in the third quarter of 2024 that includes wages subject to social security tax by the lesser of (1) its share of social security tax (up to \$250,000) on the wages, or (2) the available payroll tax credit. If the payroll tax credit elected is more than Rose Co.'s share of social security tax on the first payroll payment of the quarter, the excess payroll tax credit would be carried forward to succeeding payroll payments in the third quarter until it is used against up to \$250,000 of Rose Co.'s share of social security tax for the quarter. If the amount of the payroll tax credit exceeds Rose Co.'s share of social security tax (up to \$250,000) on wages paid to its employees in the third quarter, any remaining credit is used against Rose Co.'s share of Medicare tax on the first payroll payment of the quarter and then the excess payroll tax credit would be carried forward to succeeding payroll payments in the third quarter until it is used against Rose Co.'s share of Medicare tax for the quarter. If Rose

Co. still has credit remaining after reducing its share of social security tax (up to \$250,000) and Medicare tax for the third quarter, the remainder would be treated as a payroll tax credit against its share of social security tax (up to \$250,000) and Medicare tax on wages paid in the fourth quarter. If the amount of the payroll tax credit remaining exceeded Rose Co.'s share of social security tax (up to \$250,000) and Medicare tax on wages paid in the fourth quarter, it could be carried forward and treated as a payroll tax credit for the first quarter of 2025.

Correcting Previously Reported Tax Liability

Semiweekly schedule depositors. If you've been assessed an FTD penalty for a quarter and you made an error on Schedule B and the correction won't change the total liability for the quarter you reported on Schedule B, you may be able to reduce your penalty by filing an amended Schedule B.

Example. You reported a liability of \$3,000 on day 1 of month 1. However, the liability was actually for month 3. Prepare an amended Schedule B showing the \$3,000 liability on day 1 of month 3. Also, you must enter the liabilities previously reported for the quarter that didn't change. Write "Amended" at the top of Schedule B. The IRS will refigure the penalty and notify you of any change in the penalty.

Monthly schedule depositors. You can file a Schedule B if you have been assessed an FTD penalty for a quarter and you made an error on the monthly tax liability section of Form 941. When completing Schedule B for this situation, only enter the monthly totals. The daily entries aren't required.

Where to file. File your amended Schedule B, or, for monthly schedule depositors, your original Schedule B at the address provided in the penalty notice you received. If you're

filing an amended Schedule B, you don't have to submit your original Schedule B.

Form 941-X

You may need to file an amended Schedule B with Form 941-X to avoid or reduce an FTD penalty.

Tax decrease. If you're filing Form 941-X for a quarter, you can file an amended Schedule B with Form 941-X if both of the following apply.

1. You have a tax decrease.
2. You were assessed an FTD penalty.

File your amended Schedule B with Form 941-X. The total liability for the quarter reported on your amended Schedule B must equal the corrected amount of tax reported on Form 941-X. If your penalty is decreased, the IRS will include the penalty decrease with your tax decrease.

Tax increase—Form 941-X filed timely. If you're filing a timely Form 941-X showing a tax increase, don't file an amended Schedule B, unless you were assessed an FTD penalty caused by an incorrect, incomplete, or missing Schedule B. If you're filing an amended Schedule B, don't include the tax increase reported on Form 941-X.

Tax increase—Form 941-X filed late. If you owe tax and are filing a late Form 941-X, that is, after the due date of the return for the return period in which you discovered the error, you must file an amended Schedule B with Form 941-X. Otherwise, the IRS may assess an "averaged" FTD penalty.

The total tax reported on the "Total liability for the quarter" line of the amended Schedule B must match the corrected tax (Form 941, line 12, combined with any correction reported on Form 941-X, line 23) for the quarter, less any previous abatements and interest-free tax assessments.

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

You're 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 Code section 6103.

The time needed to complete and file Schedule B will vary depending on individual circumstances. The estimated burden for employers filing Schedule B is approved under

OMB control number 1545-0029 and is included in the estimates shown in the Instructions for Form 941.