

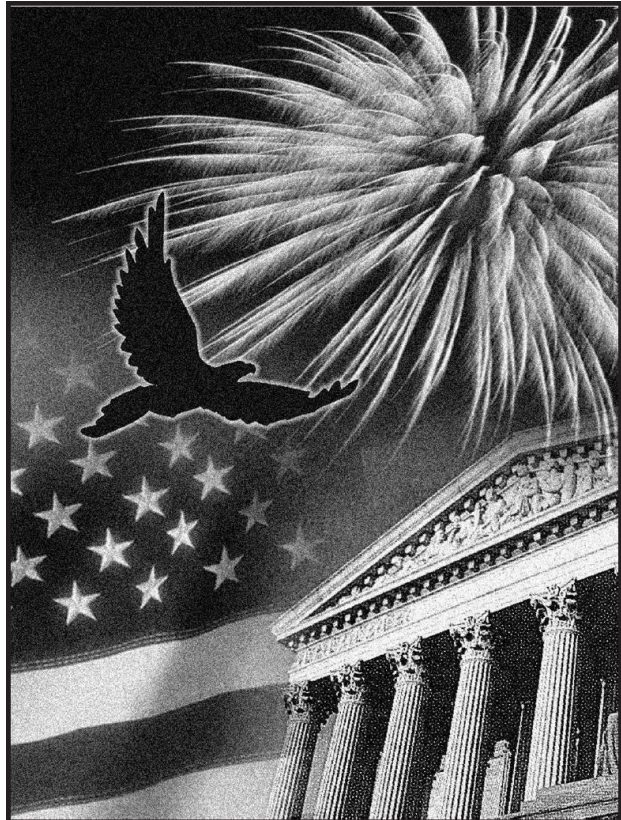
Publication 15

(Circular E), Employer's Tax Guide

For use in preparing

2025 Returns

Volume 3 of 4



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Modification notice. After issuing the notice specifying the permitted filing status and providing withholding instructions, the IRS may issue a subsequent notice (modification notice) that modifies the original notice. The modification notice may change the permitted filing status and withholding instructions. You must withhold federal income tax based on the effective date specified in the modification notice.

New Form W-4 after IRS notice. After the IRS issues a notice or modification notice, if the employee provides you with a new Form W-4 claiming complete exemption from withholding or a completed Form W-4 that results in less withholding than would result under the IRS notice or modification notice, disregard the new Form W-4. You must withhold based on the notice or modification notice unless the IRS notifies you to withhold based on the new Form W-4. If the employee wants to put a new Form W-4 into effect that

results in less withholding than required, the employee must contact the IRS.

If, after you receive an IRS notice or modification notice, your employee gives you a new completed Form W-4 that results in more withholding than would result under the notice or modification notice, you must withhold tax based on the new Form W-4. Otherwise, disregard any subsequent Forms W-4 provided by the employee and withhold based on the IRS notice or modification notice.



If, in a year before 2020, you received a lock-in letter for an employee, then for 2025 you should continue to follow the instructions in the lock-in letter. You will use the withholding methods described in Pub. 15-T for an employee with a Form W-4 from 2019 or earlier, or you may use the optional computational bridge to treat 2019 and earlier Forms W-4 as if they were 2020 or later Forms W-4 for purposes of figuring

federal income tax withholding. See How To Treat 2019 and Earlier Forms W-4 as if They Were 2020 or Later Forms W-4 under the Introduction in Pub. 15-T. You should continue following the instructions in the pre-2020 lock-in letter until you receive a letter releasing your employee from the lock-in procedures, you receive a modification notice, or your employee gives you a new Form W-4 that results in more withholding than would result under the notice.

For additional information about employer withholding compliance, see [IRS.gov/WHC](https://www.irs.gov/WHC).

Substitute Forms W-4. You're encouraged to have your employees use the official version of Form W-4. You may use a substitute version of Form W-4 to meet your business needs. However, your substitute Form W-4 must contain language that is identical to the official Form W-4 and your form must meet all current IRS rules for substitute forms. At the time you provide

your substitute form to the employee, you must provide them with all tables, instructions, and worksheets from the current Form W-4. For more information, see Pub. 15-T.

You can't accept substitute Forms W-4 developed by employees. An employee who submits an employee-developed substitute Form W-4 after October 10, 2007, will be treated as failing to furnish a Form W-4. However, continue to honor any valid employee-developed Forms W-4 you accepted before October 11, 2007.

Invalid Forms W-4. Any unauthorized change or addition to Form W-4 makes it invalid. This includes taking out any language by which the employee certifies the form is correct. A Form W-4 is also invalid if, by the date an employee gives it to you, they clearly indicate it is false. An employee who submits a false Form W-4 may be subject to a \$500 penalty. You may treat a Form W-4 as invalid

if the employee wrote “exempt” below Step 4(c) and checked the box in Step 2(c) or entered numbers for Steps 3 and 4.

When you get an invalid Form W-4, don't use it to figure federal income tax withholding. Tell the employee it is invalid and ask for another one. If the employee doesn't give you a valid one, and you have an earlier Form W-4 for this employee that is valid, withhold as you did before. If you don't have an earlier Form W-4 that is valid, withhold tax as if the employee had checked the box for Single or Married filing separately in Step 1(c) and made no entries in Step 2, Step 3, or Step 4 of the 2025 Form W-4. However, an employee who was paid wages in 2019 who never submitted a valid Form W-4 and submits an invalid Form W-4 in 2025 should continue to be treated as single and claiming zero allowances on a 2019 Form W-4. If you use the optional computational bridge, described earlier under Redesigned Form W-

4, you may treat this employee as if they had checked the box for Single or Married filing separately in Step 1(c), and made no entries in Step 2 and Step 3, an entry of \$8,600 in Step 4(a), and an entry of zero in Step 4(b) of the 2025 Form W-4.

Amounts exempt from levy on wages, salary, and other income. If you receive a Notice of Levy on Wages, Salary, and Other Income (a notice in the Form 668 series), you must withhold amounts as described in the instructions for these forms. Pub. 1494 has tables to figure the amount exempt from levy. If a levy issued in a prior year is still in effect and the taxpayer submits a new Statement of Exemptions and Filing Status, use the current year Pub. 1494 to figure the exempt amount.

Social Security and Medicare Taxes

The Federal Insurance Contributions Act (FICA) provides for a federal system of old-age, survivors, disability, and hospital

insurance. The old-age, survivors, and disability insurance part is financed by the social security tax. The hospital insurance part is financed by the Medicare tax. Each of these taxes is reported separately.

Generally, you're required to withhold social security and Medicare taxes from your employees' wages and pay the employer share of these taxes. Certain types of wages and compensation aren't subject to social security and Medicare taxes. See section 5 and section 15 for details. Generally, employee wages are subject to social security and Medicare taxes regardless of the employee's age or whether they are receiving social security benefits. If the employee reported tips, see section 6.

The \$150 test or the \$2,500 test for farmwork. All cash wages that you pay to an employee during the year for farmwork are subject to social security and Medicare taxes

and federal income tax withholding if either of the two tests below is met.

- You pay cash wages to an employee of \$150 or more in a year for farmwork (count all cash wages paid on a time, piecework, or other basis). The \$150 test applies separately to each farmworker that you employ. If you employ a family of workers, each member is treated separately. Don't count wages paid by other employers.
- The total that you pay for farmwork (cash and noncash) to all your employees is \$2,500 or more during the year.

Exceptions. Annual cash wages of less than \$150 you pay to a **seasonal** farmworker aren't subject to social security and Medicare taxes, or federal income tax withholding, even if you pay \$2,500 or more to all your farmworkers. However, these wages count toward the \$2,500 test for determining

whether other farmworkers' wages are subject to social security and Medicare taxes.

A seasonal farmworker is a worker who:

- Is employed in agriculture as a hand-harvest laborer,
- Is paid piece rates in an operation that is usually paid on a piece-rate basis in the region of employment,
- Commutes daily from their permanent home to the farm, and
- Had been employed in agriculture less than 13 weeks in the preceding calendar year.

Wages paid to a child under 18 working on a farm that is a sole proprietorship or a partnership in which each partner is a parent of a child aren't subject to social security and Medicare taxes. However, these wages count toward the \$2,500 test for determining

whether other farmworkers' wages are subject to social security and Medicare taxes.

Deducting the tax. Deduct the employee tax from each wage payment. If you're not sure that the wages that you pay to a farmworker during the year will be taxable, you may either deduct the tax when you make the payments or wait until the \$2,500 test or the \$150 test discussed earlier has been met.

Tax rates and the social security wage base limit. Social security and Medicare taxes have different rates and only the social security tax has a wage base limit. The wage base limit is the maximum wage subject to the tax for the year. Determine the amount of withholding for social security and Medicare taxes by multiplying each payment by the employee tax rate.

For 2025, the social security tax rate is 6.2% (amount withheld) each for the employer and employee (12.4% total). The social security

wage base limit is \$176,100. The tax rate for Medicare is 1.45% (amount withheld) each for the employee and employer (2.9% total). There is no wage base limit for Medicare tax; all covered wages are subject to Medicare tax.

Additional Medicare Tax withholding. In addition to withholding Medicare tax at 1.45%, you must withhold a 0.9% Additional Medicare Tax from wages you pay to an employee in excess of \$200,000 in a calendar year. You're required to begin withholding Additional Medicare Tax in the pay period in which you pay wages in excess of \$200,000 to an employee and continue to withhold it each pay period until the end of the calendar year. Additional Medicare Tax is only imposed on the employee. There is no employer share of Additional Medicare Tax. All wages that are subject to Medicare tax are subject to Additional Medicare Tax withholding if paid in excess of the \$200,000 withholding threshold.

For more information on what wages are subject to Medicare tax, see section 15. For more information on Additional Medicare Tax, go to [IRS.gov/ADMTfaqs](https://www.irs.gov/ADMTfaqs).

Successor employer. When corporate acquisitions meet certain requirements, wages paid by the predecessor are treated as if paid by the successor for purposes of applying the social security wage base and for applying the Additional Medicare Tax withholding threshold (that is, \$200,000 in a calendar year). You should determine whether or not you should file Schedule D (Form 941), Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations, by reviewing the Instructions for Schedule D (Form 941). See Regulations section 31.3121(a)(1)-1(b) for more information. Also see Revenue Procedure 2004-53, 2004-34 I.R.B. 320, available at [IRS.gov/irb/2004-34_IRB#RP-2004-53](https://www.irs.gov/irb/2004-34_IRB#RP-2004-53).

Example. Early in 2025, you bought all of the assets of a plumbing business from Adam Black. Julian Gold, who had been employed by Adam and received \$2,000 in wages before the date of purchase, continued to work for you. The wages you paid to Julian are subject to social security tax on the first \$174,100 (\$176,100 minus \$2,000). Medicare tax is due on all of the wages you pay Julian during the calendar year. You should include the \$2,000 Julian received while employed by Adam in determining whether Julian's wages exceed the \$200,000 for Additional Medicare Tax withholding threshold.

Employee's portion of taxes paid by employer. If you pay your employee's social security and Medicare taxes without deducting them from the employee's pay, you must include the amount of the payments in the employee's wages for social security and Medicare taxes. This increase in the employee's wage payment for your payment

of the employee's social security and Medicare taxes is also subject to employee social security and Medicare taxes. This again increases the amount of the additional taxes that you must pay. For more information, see Revenue Ruling 86-14, 1986-1 C.B. 304, and Pub. 15-A.

Household and agricultural employers. If you would rather pay a household or agricultural employee's share of the social security and Medicare taxes without withholding them from the employee's wages, you may do so. If you don't withhold the taxes, however, you must still pay them on behalf of the employee. Any **employee** social security and Medicare taxes that you pay are additional income to the employee. Include it in box 1 of the employee's Form W-2 (box 7 of Form 499R-2/W-2PR), but don't count it as social security and Medicare wages and don't include it in boxes 3 and 5 (boxes 20 and 22 of Form 499R-2/W-2PR). Also, don't count the

additional income as wages for FUTA tax purposes. Different rules apply to employer payments of social security and Medicare taxes for non-household and non-agricultural employees. See section 7 of Pub. 15-A.

Example. Gavrielle operates a small family fruit farm. Gavrielle employs day laborers in the picking season to allow Gavrielle time to get the crops to market. Gavrielle doesn't deduct the employees' share of social security and Medicare taxes from their pay; instead, Gavrielle pays it on their behalf. When Gavrielle prepares the employees' Forms W-2, Gavrielle adds each employee's share of social security and Medicare taxes that Gavrielle paid to the employee's wage income (box 1 of Form W-2), but doesn't include it in box 3 (social security wages) or box 5 (Medicare wages and tips).

For 2025, Gavrielle paid Dan \$1,000 during the year. Gavrielle enters \$1,076.50 in box 1 of Dan's Form W-2 (\$1,000 wages plus

\$76.50 social security and Medicare taxes paid for Dan). Gavrielle enters \$1,000.00 in boxes 3 and 5 of Dan's Form W-2.

Sick pay payments. Social security and Medicare taxes apply to most payments of sick pay, including payments made by third parties such as insurance companies. For details on third-party payers of sick pay, see Pub. 15-A.

Motion picture project employers. All wages paid by a motion picture project employer to a motion picture project worker during a calendar year are subject to a single social security tax wage base (\$176,100 for 2025) and a single FUTA tax wage base (\$7,000 for 2025) regardless of the worker's status as a common-law employee of multiple clients of the motion picture project employer. For more information, including the definition of a motion picture project employer and a motion picture project worker, see section 3512.

Withholding social security and Medicare taxes on nonresident alien employees. In general, if you pay wages to nonresident alien employees, you must withhold social security and Medicare taxes as you would for a U.S. citizen or resident alien. However, see Pub. 515 for exceptions to this general rule. One such exception is for foreign agricultural workers on H-2A visas, who are exempt from social security and Medicare taxes. See *Compensation paid to H-2A visa holders* in section 5.

International social security agreements. The United States has social security agreements, also known as totalization agreements, with many countries that eliminate dual social security coverage and taxation. Compensation subject to social security and Medicare taxes may be exempt under one of these agreements. You can get more information and a list of agreement

countries from the SSA at [SSA.gov/international](https://ssa.gov/international). Also see Pub. 519.

Religious exemption. An exemption from social security and Medicare taxes is available to members of a recognized religious sect opposed to insurance. This exemption is available only if both the employee and the employer are members of the sect. For more information, see Pub. 517, Social Security and Other Information for Members of the Clergy and Religious Workers.

Foreign persons treated as American employers. Under section 3121(z), a foreign person who meets both of the following conditions is generally treated as an American employer for purposes of paying FICA taxes on wages paid to an employee who is a U.S. citizen or resident.

1. The foreign person is a member of a domestically controlled group of entities.

2. The employee of the foreign person performs services in connection with a contract between the U.S. Government (or an instrumentality of the U.S. Government) and any member of the domestically controlled group of entities. Ownership of more than 50% constitutes control.

Part-Time Workers

Part-time workers and workers hired for short periods of time are treated the same as full-time employees for federal income tax withholding and social security, Medicare, and FUTA tax purposes.

Generally, it doesn't matter whether the part-time worker or worker hired for a short period of time has another job or has the maximum amount of social security tax withheld by another employer. See Successor employer, earlier in this section, for an exception to this rule.

Income tax withholding may be figured the same way as for full-time workers or it may be figured by the part-year employment method explained in section 6 of Pub. 15-T.

10. Required Notice to Employees About the Earned Income Credit (EIC)

You must notify employees, except for employees in American Samoa, Guam, Puerto Rico, the CNMI, and the USVI, who have no federal income tax withheld that they may be able to claim a tax refund because of the EIC. Although you don't have to notify employees who claim exemption from withholding on Form W-4 about the EIC, you're encouraged to notify any employees whose wages for 2024 were less than \$59,899 (\$66,819 if married filing jointly) that they may be eligible to claim the credit for 2024. This is because eligible employees may get a refund

of the amount of the EIC that is more than the tax they owe.

You'll meet this notification requirement if you issue the employee Form W-2 with the EIC notice on the back of Copy B, or a substitute Form W-2 with the same statement. You'll also meet the requirement by providing Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit (EIC), or your own statement that contains the same wording.

If a substitute for Form W-2 is given to the employee on time but doesn't have the required statement, you must notify the employee within 1 week of the date the substitute for Form W-2 is given. If Form W-2 is required but isn't given on time, you must give the employee Notice 797 or your written statement by the date Form W-2 is required to be given. If Form W-2 isn't required, you must notify the employee by February 7, 2025.

11. Depositing Taxes

Generally, you must deposit federal income tax withheld and both the employer and employee social security and Medicare taxes. You must use EFT to make all federal tax deposits. See *How To Deposit*, later in this section, for information on electronic deposit requirements.

Payment with return. You may make a payment with a timely filed Form 941, Form 943, Form 944, or Form 945 instead of depositing, without incurring a penalty, if one of the following applies.

- You're a monthly schedule depositor (defined later) and make a payment in accordance with the *Accuracy of Deposits Rule*, discussed later in this section. This payment may be \$2,500 or more.
- Your Form 941 total tax liability (Form 941, line 12) for either the current quarter or the prior quarter is less than \$2,500,

and you didn't incur a \$100,000 next-day deposit obligation during the current quarter. However, if you're unsure that your total tax liability for the current quarter will be less than \$2,500 (and your liability for the prior quarter wasn't less than \$2,500), make deposits using the semiweekly or monthly rules so you won't be subject to an FTD penalty.

- Your Form 943 total tax liability (Form 943, line 13) for the year is less than \$2,500. However, if you're unsure that you will report less than \$2,500, deposit under the rules explained in this section so that you won't be subject to an FTD penalty.
- Your Form 944 total tax liability for the year (Form 944, line 9) is less than \$2,500, or your Form 944 total tax liability for the year (Form 944, line 9) is \$2,500 or more and you already deposited the taxes you owed for the first, second, and

third quarters of the year; your net tax for the fourth quarter is less than \$2,500; and you're paying, in full, the tax you owe for the fourth quarter with a timely filed return.

- Your Form 945 total tax liability (Form 945, line 3) for the year is less than \$2,500. However, if you're unsure that you will report less than \$2,500, deposit under the rules explained in this section so that you won't be subject to an FTD penalty.

Separate deposit requirements for nonpayroll (Form 945) tax liabilities.

Separate deposits are required for nonpayroll and payroll income tax withholding. Don't combine deposits for Forms 941 (or Form 943 or Form 944) and Form 945 tax liabilities. Generally, the deposit rules for nonpayroll liabilities are the same as discussed next, except the rules apply to an annual rather than a quarterly return period. If the total

amount of tax for the year reported on Form 945 is less than \$2,500, you're not required to make deposits during the year. See the separate Instructions for Form 945 for more information.

Separate deposit requirements for employers of both farm and nonfarm workers. If you employ both farm and nonfarm workers, you must treat employment taxes for the farmworkers (Form 943 taxes) separately from employment taxes for the nonfarm workers (Form 941/944 taxes). Form 943 taxes and Form 941/944 taxes aren't combined for purposes of applying any of the deposit schedule rules. If a deposit is due, deposit the Form 941/944 taxes and the Form 943 taxes by making separate deposits. For example, if you're a monthly schedule depositor for both Form 941/944 taxes and Form 943 taxes and your tax liability at the end of April is \$1,500 reportable on Form 941/944 and \$1,200 reportable on Form 943,

deposit both amounts by May 15. Use one transaction to deposit the \$1,500 of Form 941/944 taxes and another transaction to deposit the \$1,200 of Form 943 taxes.

When To Deposit

There are two deposit schedules—monthly and semiweekly—for determining when you deposit social security, Medicare, and withheld federal income taxes. These schedules tell you when a deposit is due after a tax liability arises. Your tax liability is based on the dates payments were made or wages were paid. For taxable noncash fringe benefits, see *When taxable fringe benefits are treated as paid* in section 5. Before the beginning of each calendar year, you must determine which of the two deposit schedules you're required to use. The deposit schedule you must use is based on the total tax liability you reported on Forms 941, line 12; Form 943, line 13; Form 944, line 9; or Form 945, line 3, during a lookback period, discussed

next. Your deposit schedule isn't determined by how often you pay your employees or make deposits. See special rules for Form 943, Form 944, and Form 945, later in this section. Also see *Application of Monthly and Semiweekly Schedules*, later in this section.



These rules don't apply to FUTA tax. See section 14 for information on depositing FUTA tax.

Lookback period. If you're a Form 941 filer, your deposit schedule for a calendar year is determined from the total taxes reported on Forms 941, line 12, in a 4-quarter lookback period. The lookback period begins July 1 and ends June 30 as shown next in Table 1. If you reported \$50,000 or less of taxes for the lookback period, you're a monthly schedule depositor; if you reported more than \$50,000, you're a semiweekly schedule depositor.

Table 1. Lookback Period for Calendar Year 2025

July 1, 2023, through Sept. 30, 2023	Oct. 1, 2023, through Dec. 31, 2023	Jan. 1, 2024, through Mar. 31, 2024	Apr. 1, 2024, through June 30, 2024
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The lookback period for a 2025 Form 941 filer who filed Form 944 in either 2023 or 2024 is calendar year 2023.

If you're a Form 943 or Form 944 filer for the current year or either of the preceding 2 years, your deposit schedule for a calendar year is determined from the total taxes reported during the second preceding calendar year (either on your Forms 941 for all 4 quarters of that year, your Form 943 for that year, or your Form 944 for that year). The lookback period for 2025 for a Form 943 or Form 944 filer is calendar year 2023. If

you reported \$50,000 or less of taxes for the lookback period, you're a monthly schedule depositor; if you reported more than \$50,000, you're a semiweekly schedule depositor.

If you're a Form 945 filer, your deposit schedule for a calendar year is determined from the total taxes reported on line 3 of your Form 945 for the second preceding calendar year. The lookback period for 2025 for a Form 945 filer is calendar year 2023.



Your total tax liability for the lookback period is determined based on the amount of taxes you reported on Forms 941, line 12; Form 943, line 13; or Form 944, line 9. Your total liability isn't reduced by the refundable portion of the credit for qualified sick and family leave wages. For more information about this credit, see the instructions for your employment tax return that were applicable during the lookback period.

Adjustments and the lookback rule.

Adjustments made on Form 941-X, Form 943-X, Form 944-X, and Form 945-X don't affect the amount of tax liability for previous periods for purposes of the lookback rule.

Example. An employer originally reported a tax liability of \$45,000 for the lookback period. The employer discovered, during January 2025, that the tax reported for one of the lookback period quarters was understated by \$10,000 and corrected this error by filing Form 941-X. This employer is a monthly schedule depositor for 2025 because the lookback period tax liabilities are based on the amounts originally reported, and they were \$50,000 or less. The \$10,000 adjustment is also not treated as part of the 2025 taxes.

Deposit period. The term “deposit period” refers to the period during which tax liabilities are accumulated for each required deposit due date. For monthly schedule depositors,

the deposit period is a calendar month. The deposit periods for semiweekly schedule depositors are Wednesday through Friday and Saturday through Tuesday.



If you're an agent with an approved Form 2678, the deposit rules apply to you based on the total employment taxes accumulated by you for your own employees and on behalf of all employers for whom you're authorized to act. For more information on an agent with an approved Form 2678, see Revenue Procedure 2013-39, 2013-52 I.R.B. 830, available at [IRS.gov/irb/2013-52_IRB#RP-2013-39](https://www.irs.gov/irb/2013-52_IRB#RP-2013-39).

Monthly Deposit Schedule

For Form 941 filers, you're a monthly schedule depositor for a calendar year if the total taxes on Forms 941, line 12, for the 4 quarters in your lookback period were \$50,000 or less. For Form 943, Form 944, or Form 945 filers, you're a monthly schedule

depositor for a calendar year if the total taxes on Form 943, line 13; Form 944, line 9; or Form 945, line 3, during your lookback period were \$50,000 or less. Under the monthly deposit schedule, deposit employment taxes on payments made during a month by the 15th day of the following month. See also *Deposits Due on Business Days Only* and *\$100,000 Next-Day Deposit Rule*, later in this section. Monthly schedule depositors shouldn't file Form 941, Form 943, Form 944, or Form 945 on a monthly basis.

New employers. For Form 941 filers, your tax liability for any quarter in the lookback period before you started or acquired your business is considered to be zero. Therefore, you're a monthly schedule depositor for the first calendar year of your business. For Form 943, Form 944, or Form 945 filers, your tax liability in the lookback period before you started or acquired your business is considered to be zero. Therefore, you're a

monthly schedule depositor for the first and second calendar years of your business.

However, see *\$100,000 Next-Day Deposit Rule*, later in this section.

Semiweekly Deposit Schedule

For Form 941 filers, you're a semiweekly schedule depositor for a calendar year if the total taxes on Forms 941, line 12, during your lookback period were more than \$50,000. For Form 943, Form 944, or Form 945 filers, you're a semiweekly schedule depositor for a calendar year if the total taxes on Form 943, line 13; Form 944, line 9; or Form 945, line 3, during your lookback period were more than \$50,000. Under the semiweekly deposit schedule, deposit employment taxes for payments made on Wednesday, Thursday, and/or Friday by the following Wednesday. Deposit taxes for payments made on Saturday, Sunday, Monday, and/or Tuesday by the following Friday. See also *Deposits Due on Business Days Only*, later in this section.



Semiweekly schedule depositors must complete Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors, and submit it with Form 941. If you file Form 943 and are a semiweekly schedule depositor, complete Form 943-A, Agricultural Employer's Record of Federal Tax Liability, and submit it with Form 943. If you file Form 944 or Form 945 and are a semiweekly schedule depositor, complete Form 945-A, Annual Record of Federal Tax Liability, and submit it with your return.

Table 2. **Semiweekly Deposit Schedule**

IF the payday falls on a...	THEN deposit taxes by the following...
Wednesday, Thursday, and/or Friday	Wednesday.
Saturday, Sunday, Monday, and/or Tuesday	Friday.

Semiweekly deposit period spanning 2 quarters (Form 941 filers). If you have more than 1 pay date during a semiweekly period and the pay dates fall in different calendar quarters, you'll need to make **separate deposits** for the separate liabilities.

Example. If you have a pay date on Saturday, March 29, 2025 (first quarter), and another pay date on Tuesday, April 1, 2025 (second quarter), two separate deposits

would be required even though the pay dates fall within the same semiweekly period. Both deposits would be due on Friday, April 4, 2025.

Semiweekly deposit period spanning 2 return periods (Form 943, Form 944, or Form 945 filers). The period covered by a return is the return period. The return period for annual Form 943, Form 944, and Form 945 is a calendar year. If you have more than 1 pay date during a semiweekly period and the pay dates fall in different return periods, you'll need to make separate deposits for the separate liabilities. For example, if a return period ends on Thursday, taxes accumulated on Wednesday and Thursday are subject to one deposit obligation, and taxes accumulated on Friday are subject to a separate obligation. Separate deposits are required because 2 different return periods are affected.

Summary of Steps To Determine Your Deposit Schedule

1. Identify your lookback period (see Lookback period, earlier in this section).
2. Add the total taxes you reported on Forms 941, line 12; Form 943, line 13; Form 944, line 9; or Form 945, line 3, during the lookback period.
3. Determine if you're a monthly or semiweekly schedule depositor:

IF the total taxes you reported in the lookback period were...	THEN you're a...
\$50,000 or less	monthly schedule depositor.
more than \$50,000	semiweekly schedule depositor.

Example of Monthly and Semiweekly Schedules

Rose Co. reported Form 941 taxes as follows.

2024 Lookback Period		2025 Lookback Period	
3rd Quarter 2022	\$12,000	3rd Quarter 2023	\$12,000
4th Quarter 2022	12,000	4th Quarter 2023	12,000
1st Quarter 2023	12,000	1st Quarter 2024	12,000
2nd Quarter 2023	<u>12,000</u>	2nd Quarter 2024	<u>15,000</u>
	\$48,000		\$51,000

Rose Co. is a monthly schedule depositor for 2024 because its tax liability for the 4 quarters in its lookback period (third quarter 2022 through second quarter 2023) wasn't more than \$50,000. However, for 2025, Rose

Co. will be a semiweekly schedule depositor because the total taxes exceeded \$50,000 for the 4 quarters in its lookback period (third quarter 2023 through second quarter 2024).

Example for employers of farmworkers.

Red Co. reported taxes on its 2023 Form 943, line 13, of \$48,000. On its 2024 Form 943, line 13, it reported taxes of \$60,000.

Red Co. is a monthly schedule depositor for 2025 because its taxes for its lookback period (\$48,000 for calendar year 2023) weren't more than \$50,000. However, for 2026, Red Co. is a semiweekly schedule depositor because the total taxes for its lookback period (\$60,000 for calendar year 2024) exceeded \$50,000.

Deposits Due on Business Days Only

If a deposit is required to be made on a day that isn't a business day, the deposit is considered timely if it is made by the close of the next business day. A business day is any

day other than a Saturday, Sunday, or legal holiday. For example, if a deposit is required to be made on a Friday and Friday is a legal holiday, the deposit will be considered timely if it is made by the following Monday (if that Monday is a business day).

Semiweekly schedule depositors have at least 3 business days following the close of the semiweekly period to make a deposit. If any of the 3 weekdays after the end of a semiweekly period is a legal holiday, you'll have an additional day for each day that is a legal holiday to make the required deposit. For example, if a semiweekly schedule depositor accumulated taxes for payments made on Friday and the following Monday is a legal holiday, the deposit normally due on Wednesday may be made on Thursday (this allows 3 business days to make the deposit).

Legal holiday. The term "legal holiday" means any legal holiday in the District of Columbia. For purposes of the deposit rules,

the term “legal holiday” doesn't include other statewide legal holidays. Legal holidays for 2025 are listed next.

- January 1—New Year's Day
- January 20—Birthday of Martin Luther King, Jr./Inauguration Day
- February 17—Washington's Birthday
- April 16—District of Columbia Emancipation Day
- May 26—Memorial Day
- June 19—Juneteenth National Independence Day
- July 4—Independence Day
- September 1—Labor Day
- October 13—Indigenous Peoples' Day (Columbus Day)
- November 11—Veterans Day
- November 27—Thanksgiving Day

- December 25—Christmas Day

Application of Monthly and Semiweekly Schedules

The terms “monthly schedule depositor” and “semiweekly schedule depositor” don't refer to how often your business pays its employees or even how often you're required to make deposits. The terms identify which set of deposit rules you must follow when an employment tax liability arises. The deposit rules are based on the dates when wages are paid (cash basis), not on when tax liabilities are accrued for accounting purposes.

Monthly schedule example. Spruce Co. is a monthly schedule depositor with seasonal employees. It paid wages each Friday during March but didn't pay any wages during April. Under the monthly deposit schedule, Spruce Co. must deposit the combined tax liabilities for the March paydays by April 15. Spruce Co. doesn't have a deposit requirement for April

(due by May 15) because no wages were paid and, therefore, it didn't have a tax liability for April.

Semiweekly schedule example. Green, Inc., is a semiweekly schedule depositor and pays wages once each month on the last Friday of the month. Although Green, Inc., has a semiweekly deposit schedule, it will deposit just once a month because it pays wages only once a month. The deposit, however, will be made under the semiweekly deposit schedule as follows: Green, Inc.'s tax liability for the May 30, 2025 (Friday), payday must be deposited by June 4, 2025 (Wednesday). Under the semiweekly deposit schedule, liabilities for wages paid on Wednesday through Friday must be deposited by the following Wednesday.

\$100,000 Next-Day Deposit Rule

If you accumulate \$100,000 or more in taxes on any day during a monthly or semiweekly deposit period (see *Deposit period*, earlier in this section), you must deposit the tax by the next business day, whether you're a monthly or semiweekly schedule depositor.

For purposes of the \$100,000 rule, don't continue accumulating a tax liability after the end of a deposit period. For example, if a semiweekly schedule depositor has accumulated a liability of \$95,000 on a Tuesday (of a Saturday-through-Tuesday deposit period) and accumulated a \$10,000 liability on Wednesday, the \$100,000 next-day deposit rule doesn't apply because the \$10,000 is accumulated in the next deposit period. Thus, \$95,000 must be deposited by Friday and \$10,000 must be deposited by the following Wednesday.

However, once you accumulate at least \$100,000 in a deposit period, stop accumulating at the end of that day and begin to accumulate anew on the next day. For example, Fir Co. is a semiweekly schedule depositor. On Monday, Fir Co. accumulates taxes of \$110,000 and must deposit this amount on Tuesday, the next business day. On Tuesday, Fir Co. accumulates additional taxes of \$30,000. Because the \$30,000 isn't added to the previous \$110,000 and is less than \$100,000, Fir Co. must deposit the \$30,000 by Friday (following the semiweekly deposit schedule).



If you're a monthly schedule depositor and accumulate a \$100,000 tax liability on any day during the deposit period, you become a semiweekly schedule depositor on the next day and remain so for at least the rest of the calendar year and for the following calendar year.

Example. Elm, Inc., started its business on May 5, 2025. On Wednesday, May 7, it paid wages for the first time and accumulated a tax liability of \$40,000. On Friday, May 9, Elm, Inc., paid wages and accumulated a liability of \$60,000, bringing its total accumulated tax liability to \$100,000. Because this was the first year of its business, the tax liability for its lookback period is considered to be zero, and it would be a monthly schedule depositor based on the lookback rules. However, since Elm, Inc., accumulated a \$100,000 liability on May 9, it became a semiweekly schedule depositor on May 10. It will be a semiweekly schedule depositor for the remainder of 2025 and for 2026. Elm, Inc., is required to deposit the \$100,000 by Monday, May 12, the next business day.



The \$100,000 tax liability threshold requiring a next-day deposit is determined before you consider any reduction of your liability for nonrefundable credits.

Accuracy of Deposits Rule

You're required to deposit 100% of your tax liability on or before the deposit due date. However, penalties won't be applied for depositing less than 100% if both of the following conditions are met.

- Any deposit shortfall doesn't exceed the greater of \$100 or 2% of the amount of taxes otherwise required to be deposited.
- The deposit shortfall is paid or deposited by the shortfall makeup date as described next.

Makeup Date for Deposit Shortfall:

1. **Monthly schedule depositor.**

Deposit the shortfall or pay it with your return by the due date of your return for the return period in which the shortfall occurred. You may pay the shortfall with your return even if the amount is \$2,500 or more.

2. **Semiweekly schedule depositor.**

Deposit by the earlier of:

- a. The first Wednesday or Friday (whichever comes first) that falls on or after the 15th day of the month following the month in which the shortfall occurred, or
- b. The due date of your return (for the return period of the tax liability).

For example, if a semiweekly schedule depositor has a deposit shortfall during July 2025, the shortfall makeup date is August 15,

2025 (Friday). However, if the shortfall occurred on the required October 1, 2025 (Wednesday), deposit due date for the September 26, 2025 (Friday), pay date, the return due date for the September 26 pay date (October 31, 2025) would come before the November 19, 2025 (Wednesday), shortfall makeup date. In this case, the shortfall must be deposited by October 31, 2025.

How To Deposit

You must deposit employment taxes, including Form 945 taxes, by EFT. See *Payment with return*, earlier in this section, for exceptions explaining when taxes may be paid with the tax return instead of being deposited.

Electronic deposit requirement. You must use EFT to make all federal tax deposits. Generally, an EFT is made using EFTPS. If you don't want to use EFTPS, you can arrange for

your tax professional, financial institution, payroll service, or other trusted third party to make electronic deposits on your behalf.

EFTPS is a free service provided by the Department of the Treasury. To get more information about EFTPS or to enroll in EFTPS, go to [EFTPS.gov](https://eftps.gov) or call 800-555-4477, 800-244-4829 (Spanish), or 303-967-5916 (toll call). To contact EFTPS using TRS for people who are deaf, hard of hearing, or have a speech disability, dial 711 and then provide the TRS assistant the 800-555-4477 number or 800-733-4829. Additional information about EFTPS is also available in Pub. 966.

When you receive your EIN. If you're a new employer that indicated a federal tax obligation when requesting an EIN, you'll be pre-enrolled in EFTPS. You'll receive information about Express Enrollment in your Employer Identification Number (EIN) Package and an additional mailing containing

your EFTPS personal identification number (PIN) and instructions for activating your PIN. Call the toll-free number located in your “How to Activate Your Enrollment” brochure to activate your enrollment and begin making your payroll tax deposits. If you outsource any of your payroll and related tax duties to a third-party payer, such as a payroll service provider (PSP) or reporting agent, be sure to tell them about your EFTPS enrollment.

Deposit record. For your records, an EFT Trace Number will be provided with each successful payment. The number can be used as a receipt or to trace the payment.

Depositing on time. For deposits made by EFTPS to be on time, you must submit the deposit by 8 p.m. Eastern time the day before the date the deposit is due. If you use a third party to make a deposit on your behalf, they may have different cutoff times.

Same-day wire payment option. If you fail to submit 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 Collection Service (FTCS) to make a same-day wire payment. To use the same-day wire payment method, you'll 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'll need to give to your financial institution to make a same-day wire payment, go to [IRS.gov/SameDayWire](https://www.irs.gov/SameDayWire).

How to claim credit for overpayments. If you deposited more than the right amount of taxes for a quarter, you can choose on Form 941 for that quarter (or on Form 943, Form 944, or Form 945 for that year) to have the

overpayment refunded or applied as a credit to your next return. Don't ask EFTPS to request a refund from the IRS for you.

Deposit Penalties



Although the deposit penalties information provided next refers specifically to Form 941, these rules also apply to Form 943, Form 944, and Form 945. The penalties won't apply if the employer qualifies for the exceptions to the deposit requirements discussed under Payment with return, earlier in this section).

Penalties may apply if you don't make required deposits on time or if you make deposits for less than the required amount. The penalties don't apply if any failure to make a proper and timely deposit was due to reasonable cause and not to willful neglect. If you receive a penalty notice, you can provide an explanation of why you believe reasonable cause exists.

If you timely filed your employment tax return, the IRS may also waive deposit penalties if you inadvertently failed to deposit and it was the first quarter that you were required to deposit any employment tax, or if you inadvertently failed to deposit the first time after your deposit frequency changed. You must also meet the net worth and size limitations applicable to awards of administrative and litigation costs under section 7430; for individuals, this means that your net worth can't exceed \$2 million, and for businesses, your net worth can't exceed \$7 million and you also can't have more than 500 employees.

The IRS may also waive the deposit penalty the first time you're required to make a deposit if you inadvertently send the payment to the IRS rather than deposit it by EFT.

For amounts not properly or timely deposited, the penalty rates are as follows.

Penalty

Charged for...

- 2%** Deposits made 1 to 5 days late.
- 5%** Deposits made 6 to 15 days late.
- 10%** Deposits made 16 or more days late, but before 10 days from the date of the first notice the IRS sent asking for the tax due.
- 10%** Amounts that should have been deposited, but instead were paid directly to the IRS, or paid with your tax return. But see *Payment with return*, earlier in this section, for exceptions.
- 15%** Amounts still unpaid more than 10 days after the date of the first notice the IRS sent asking for the tax due or the day on which you received notice and demand for immediate payment, whichever is earlier.

Late deposit penalty amounts are determined using calendar days, starting from the due date of the liability.

Special rule for former Form 944 filers. If you filed Form 944 for the prior year and file Forms 941 for the current year, the FTD penalty won't apply to a late deposit of employment taxes for January of the current year if the taxes are deposited in full by March 15 of the current year.

Order in which deposits are applied.

Deposits are generally applied to the most recent tax liability within the quarter. If you receive an FTD penalty notice, you may designate how your deposits are to be applied in order to minimize the amount of the penalty if you do so within 90 days of the date of the notice. Follow the instructions on the penalty notice you receive. For more information on designating deposits, see Revenue Procedure 2001-58. You can find Revenue Procedure 2001-58 on page 579 of

Internal Revenue Bulletin 2001-50 at [IRS.gov/pub/irs-irbs/irb01-50.pdf](https://www.irs.gov/pub/irs-irbs/irb01-50.pdf).

Example. Cedar, Inc., is required to make a deposit of \$1,000 on April 15 and \$1,500 on May 15. It doesn't make the deposit on April 15. On May 15, Cedar, Inc., deposits \$2,000. Under the deposits rule, which applies deposits to the most recent tax liability, \$1,500 of the deposit is applied to the May 15 deposit and the remaining \$500 is applied to the April deposit. Accordingly, \$500 of the April 15 liability remains undeposited. The penalty on this underdeposit will apply as explained earlier.

Trust fund recovery penalty. If federal income, social security, or Medicare taxes that must be withheld (that is, trust fund taxes) aren't withheld or aren't deposited or paid to the U.S. Treasury, the trust fund recovery penalty may apply. The penalty is 100% of the unpaid trust fund tax. If these unpaid taxes can't 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, or paying over these taxes, and who acted willfully in not doing so. The trust fund recovery penalty won't apply to any amount of trust fund taxes an employer holds back in anticipation of any credits they are entitled to.

A **responsible person** can be an officer or employee of a corporation, a partner or employee of a partnership, an accountant, a volunteer director/trustee, or an employee of a sole proprietorship, or any other person or entity that is responsible for collecting, accounting for, or paying over trust fund taxes. A responsible person may also include one who signs checks for the business or otherwise has authority to cause the spending of business funds.

Willfully means voluntarily, consciously, and intentionally. A responsible person acts willfully if the person knows the required actions of collecting, accounting for, or paying over trust fund taxes aren't taking place, or recklessly disregards obvious and known risks to the government's right to receive trust fund taxes.

Separate accounting when deposits aren't made or withheld taxes aren't paid. Separate accounting may be required if you don't pay over withheld employee social security, Medicare, or income taxes; deposit required taxes; make required payments; or file tax returns. In this case, you would receive written notice from the IRS requiring you to deposit taxes into a special trust account for the U.S. Government.



You may be charged with criminal penalties if you don't comply with the special bank deposit requirements for the special trust account for the U.S. Government.

“Averaged” FTD penalty. The IRS may assess an "averaged" FTD penalty of 2% to 10% if you're a monthly schedule depositor and didn't properly complete Form 941, line 16; Form 943, line 17; Form 944, line 13; or Form 945, line 7, when your tax liability shown on Form 941, line 12; Form 943, line 13; Form 944, line 9; or Form 945, line 3, equaled or exceeded \$2,500.

The IRS may also assess an "averaged" FTD penalty of 2% to 10% if you're a semiweekly schedule depositor and your tax liability shown on Form 941, line 12; Form 943, line 13; Form 944, line 9; or Form 945, line 3, equaled or exceeded \$2,500 and you:

- Completed Form 941, line 16, instead of Schedule B (Form 941); Form 943, line

17, instead of Form 943-A; Form 944, line 13, instead of Form 945-A; or Form 945, line 7, instead of Form 945-A;

- Failed to attach a properly completed Schedule B (Form 941); Form 943-A, or Form 945-A, as applicable; or
- Improperly completed Schedule B (Form 941), Form 943-A, or Form 945-A by, for example, entering tax deposits instead of tax liabilities in the numbered spaces.

The FTD penalty is figured by distributing your total tax liability shown on Form 941, line 12; Form 943, line 13; Form 944, line 9; or Form 945, line 3, equally throughout the tax period. Then we apply your deposits and payments to the averaged liabilities in the date order we received your deposits. We figure the penalty on any tax not deposited, deposited late, or not deposited in the correct amounts. Your deposits and payments may not be counted as timely because the actual

dates of your tax liabilities can't be accurately determined.

You can avoid an "averaged" FTD penalty by reviewing your return before you file it. Follow these steps before submitting your Form 941, Form 943, Form 944, or Form 945.

- If you're a monthly schedule depositor, report your tax liabilities (not your deposits) in the monthly entry spaces on Form 941, line 16; Form 943, line 17; Form 944, line 13; or Form 945, line 7.
- If you're a semiweekly schedule depositor, report your tax liabilities (not your deposits) on Schedule B (Form 941), Form 943-A, or Form 945-A, as applicable, on the lines that represent the dates your employees were paid.
- Verify that your total liability shown on Form 941, line 16, or the bottom of Schedule B (Form 941) equals your tax liability shown on Form 941, line 12.

- Verify that your total liability shown on Form 943, line 17, or Form 943-A, line M, equals your tax liability shown on Form 943, line 13.
- Verify that your total liability shown on Form 944, line 13, or Form 945-A, line M, equals your tax liability shown on Form 944, line 9.
- Verify that your total liability shown on Form 945, line 7, or Form 945-A, line M, equals your tax liability shown on Form 945, line 3.
- Don't show negative amounts on Form 941, line 16, or Schedule B (Form 941); Form 943, line 17, or Form 943-A; Form 944, line 13, or Form 945-A; or Form 945, line 7, or Form 945-A.
- For prior period errors, don't adjust your tax liabilities reported on Form 941, line 16, or Schedule B (Form 941); Form 943, line 17, or Form 943-A; Form 944, line

13, or Form 945-A; or Form 945, line 7, or Form 945-A. Instead, file an adjusted return (Form 941-X, 943-X, 944-X, or 945-X) if you're also adjusting your tax liability. If you're only adjusting your deposits in response to an FTD penalty notice, see the Instructions for Schedule B (Form 941), the Instructions for Form 943-A (for Form 943), or the Instructions for Form 945-A (for Forms 944 and 945).



In addition to civil penalties, you may be subject to criminal prosecution (brought to trial) for willfully:

- Evading tax;
- Failing to collect or truthfully account for and pay over tax;
- Failing to file a return, supply information, or pay any tax due;
- Furnishing false or fraudulent Forms W-2 to employees or failing to furnish Forms W-2;

- Committing fraud and providing false statements;
- Preparing and filing a fraudulent return; or
- Committing identity theft.

12. Filing Forms 941, Form 943, Form 944, or Form 945

Form 941. If you paid wages subject to federal income tax withholding (including withholding on sick pay and supplemental unemployment benefits) or social security and Medicare taxes, you must file Form 941 quarterly even if you have no taxes to report, unless you filed a final return, you receive an IRS notification that you're eligible to file Form 944, or the exceptions discussed later apply. Also, if you're required to file Forms 941 but believe your employment taxes for the calendar year will be \$1,000 or less, and you would like to file Form 944 instead of Forms 941, you must contact the IRS during the first calendar quarter of the tax year to

request to file Form 944. You must receive written notice from the IRS to file Form 944 instead of Forms 941 before you may file this form. For more information on requesting to file Form 944, including the methods and deadlines for making a request, see the Instructions for Form 944. Form 941 must be filed by the last day of the month that follows the end of the quarter. However, if you made timely deposits in full payment of your taxes for the quarter, you may file by the 10th day of the 2nd month that follows the end of the quarter. See *Calendar*, earlier.

Form 943. You must file Form 943 for each calendar year beginning with the first year that you pay \$2,500 or more for farmwork or you employ a farmworker who meets the \$150 test explained under *Social Security and Medicare Taxes*, in section 9. Don't report these wages on Form 941, Form 944, or Form 945. File your 2024 Form 943 by January 31, 2025. However, if you made timely deposits

in full payment of your taxes for the year, you may file by February 10, 2025.

Form 944. If you receive written notification that you qualify for the Form 944 program, you must file Form 944 instead of Forms 941. You must file Form 944 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 for the prior year. If you received notification to file Form 944, but prefer to file Forms 941, you can request to have your filing requirement changed to Forms 941 during the first calendar quarter of the tax year. For more information on requesting to file Forms 941, including the methods and deadlines for making a request, see the Instructions for Form 944. File your 2024 Form 944 by January 31, 2025. However, if you made timely deposits in full payment of your taxes for the year, you may file by February 10, 2025.

Form 945. If you withhold or are required to withhold federal income tax (including backup withholding) from nonpayroll payments, you must file Form 945. All federal income tax withholding from nonpayroll payments that is reported on Forms 1099 or Form W-2G must be included on Form 945, and not on another form such as Form 1040-ES, Estimated Tax for Individuals. Don't report on Form 945 withholding that is required to be reported on Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons. You don't have to file Form 945 for those years in which you don't have a nonpayroll tax liability. File your 2024 Form 945 by January 31, 2025. However, if you made timely deposits in full payment of your taxes for the year, you may file by February 10, 2025.

Exceptions. The following exceptions apply to the filing requirements for Form 941 and Form 944.

- **Seasonal employers who don't have to file Forms 941 for quarters when they have no tax liability because they have paid no wages.** To alert the IRS you won't have to file a return for 1 or more quarters during the year, check the "Seasonal employer" box on Form 941, line 18. When you fill out Form 941, be sure to check the box on the top of the form that corresponds to the quarter reported. Generally, the IRS won't inquire about unfiled returns if at least one taxable return is filed each year. However, you must check the "Seasonal employer" box on **every** Form 941 you file. Otherwise, the IRS will expect a return to be filed for each quarter.
- **Household employers reporting social security and Medicare taxes and/or withheld income tax.** If you file Form 941, Form 943, or Form 944 for business employees, you may include taxes for

household employees on your Form 941, Form 943, or Form 944. Otherwise, report social security and Medicare taxes and income tax withholding for household employees on Schedule H (Form 1040). See Pub. 926 for more information.

- **Agricultural employers reporting social security, Medicare, and withheld income taxes.** Report these taxes on Form 943.



Employers that pay Railroad Retirement Tax Act (RRTA) taxes use Form CT-1 to report employment taxes imposed by the RRTA, and Form 941 or Form 944 to report federal income taxes withheld from their employees' wages and other compensation.

E-file. The IRS e-file program allows a taxpayer to electronically file Form 941, Form 943, Form 944, and Form 945. For more information, go to [IRS.gov/EmploymentEfile](https://www.irs.gov/employmentefile), or call 866-255-0654.

Electronic filing by reporting agents.

Reporting agents filing Form 941, Form 943, Form 944, or Form 945 for groups of taxpayers can file them electronically. For details, see Pub. 3112, *IRS e-file Application and Participation*. For information on electronic filing, see Revenue Procedure 2007-40, 2007-26 I.R.B. 1488, available at [IRS.gov/irb/2007-26_IRB#RP-2007-40](https://www.irs.gov/irb/2007-26_IRB#RP-2007-40). For information on the different types of third-party payer arrangements, see section 16.

Electronic filing by CPEOs. With the exception of the first quarter (Form 941 only) for which a CPEO is certified, CPEOs are required to electronically file Form 941 with Schedule R (Form 941), or, if applicable, Form 943 with Schedule R (Form 943). Under certain circumstances, the IRS may waive the electronic filing requirement. To request a waiver, the CPEO must file a written request using the IRS Online Registration System for Professional Employer Organizations at least

45 days before the due date of the return for which the CPEO is unable to electronically file. For more information on filing a waiver request electronically, go to [IRS.gov/CPEO](https://www.irs.gov/CPEO). Also see [*Revenue Procedure 2023-18*](#).

Penalties. For each whole or part month a return isn't filed when required, there is a failure-to-file (FTF) penalty of 5% of the unpaid tax due with that return. The maximum penalty is generally 25% of the tax due. Also, for each whole or part month the tax is paid late, there is a failure-to-pay (FTP) penalty of 0.5% per month of the amount of tax. For individual filers only, the FTP penalty is reduced from 0.5% per month to 0.25% per month if an installment agreement is in effect. You must have filed your return on or before the due date of the return to qualify for the reduced penalty. The maximum amount of the FTP penalty is also 25% of the tax due. If both penalties apply in any month, the FTF penalty is reduced by the amount of

the FTP penalty. The penalties won't be charged if you have reasonable cause for failing to file or pay. If you receive a penalty notice, you can provide an explanation of why you believe reasonable cause exists.

Note. In addition to any penalties, interest accrues from the due date of the tax on any unpaid balance.

If income, social security, or Medicare taxes that must be withheld aren't withheld or aren't paid, you may be personally liable for the trust fund recovery penalty. See Trust fund recovery penalty in section 11.

Generally, the use of a third-party payer, such as a PSP or reporting agent, doesn't relieve an employer of the responsibility to ensure tax returns are filed and all taxes are paid or deposited correctly and on time. However, see Certified professional employer organization (CPEO), in section 16, for an exception.

Don't file more than one return per return period. Employers with multiple locations or divisions must file only one Form 941 per quarter or one Form 944 per year. An agricultural employer must file only one Form 943 per year. A payer of nonpayroll payments that withheld federal income tax or backup withholding must file only one Form 945 per year. Filing more than one return may result in processing delays and may require correspondence between you and the IRS. For information on making adjustments to previously filed returns, see section 13.

Reminders about filing.

- Don't report more than 1 calendar quarter on a Form 941.
- If you need Form 941, Form 943, Form 944, or Form 945, go to [IRS.gov/Forms](https://www.irs.gov/forms). Also see Ordering Employer Tax Forms, Instructions, and Publications, earlier.

- Enter your name and EIN on Form 941, Form 943, Form 944, or Form 945. Be sure they're exactly as they appeared on earlier returns.
- See the Instructions for Form 941, Instructions for

Form 943, Instructions for Form 944, or Instructions for Form 945 for information on preparing the form.

Final return. If you go out of business, you must file a final return for the last quarter (last year for Form 943, Form 944, or Form 945) in which wages (nonpayroll payments for Form 945) are paid. If you continue to pay wages or other compensation for periods following termination of your business, you must file returns for those periods. See the Instructions for Form 941, Instructions for Form 943, Instructions for Form 944, or Instructions for Form 945 for details on how to file a final return.

If you're required to file a final return, you're also required to furnish Forms W-2 to your employees and file Forms W-2 and W-3 with the SSA by the due date of your final return. Don't send an original or copy of your Form 941, Form 943, or Form 944 to the SSA. See the General Instructions for Forms W-2 and W-3 for more information. Employers in Puerto Rico, see the Instructions for Form W-3 (PR) and Form W-3C (PR).

Filing late returns for previous years. Get a copy of Form 941, Form 943, Form 944, or Form 945 (and separate instructions) with a revision date showing the year, and, if applicable, quarter for which your delinquent return is being filed. Prior year and/or quarterly Form 941, Form 943, Form 944, and Form 945 are available, respectively, at [IRS.gov/Form941](https://www.irs.gov/Form941), [IRS.gov/Form943](https://www.irs.gov/Form943), [IRS.gov/Form944](https://www.irs.gov/Form944), and [IRS.gov/Form945](https://www.irs.gov/Form945) (select the link for all form revisions under "Other items you may find useful").

Also, see Ordering Employer Tax Forms, Instructions, and Publications, earlier. Contact the IRS at 800-829-4933 if you have any questions about filing late returns.

Table 3. Social Security and Medicare Tax Rates (for 3 Prior Years)

Calendar Year	Wage Base Limit (each employee)	Tax Rate on Taxable Wages and Tips
2024—Social security	\$168,600	12.4%
2024—Medicare	All Wages	2.9%
2023—Social security	\$160,200	12.4%*
2023—Medicare	All Wages	2.9%

2022—Social security	\$147,000	12.4%*
2022—Medicare	All Wages	2.9%
<p>* Qualified sick leave wages and qualified family leave wages for leave taken after March 31, 2020, and before April 1, 2021, aren't subject to the employer share of social security tax; therefore, the tax rate on these wages is 6.2% (0.062).</p>		

Reconciling Forms W-2 and W-3 with Forms 941, Form 943, or Form 944. When there are discrepancies between Forms 941, Form 943, or Form 944 filed with the IRS and Forms W-2 and W-3 filed with the SSA, the IRS or the SSA may contact you to resolve the discrepancies. Take the following steps to help reduce discrepancies.

1. Report bonuses as wages and as social security and Medicare wages on Forms

W-2 and on Forms 941, Form 943, or Form 944.

2. Report both social security and Medicare wages and taxes separately on Forms W-2 and W-3, and on Forms 941, Form 943, or Form 944.
3. Report the employee share of social security taxes on Form W-2 in the box for social security tax withheld (box 4), not as social security wages. On Form 499R-2/W-2PR, social security tax withheld is reported in box 21.
4. Report the employee share of Medicare taxes on Form W-2 in the box for Medicare tax withheld (box 6), not as Medicare wages. On Form 499R-2/ W-2PR, Medicare tax withheld is reported in box 23.

5. Make sure the social security wage amount for each employee doesn't exceed the annual social security wage base limit (\$176,100 for 2025).
6. Don't report noncash wages that aren't subject to social security or Medicare taxes, as discussed earlier under Wages not paid in money in section 5, as social security or Medicare wages.
7. If you used an EIN on any Forms 941, Form 943, or Form 944 for the year that is different from the EIN reported on Form W-3, enter the other EIN on Form W-3 in the box for "Other EIN used this year" (box h). On Form W-3 (PR), "Other EIN used this year" is reported in box f.
8. Be sure the amounts on Form W-3 are the total of amounts from Forms W-2.

9. Reconcile Form W-3 with your four quarterly Forms 941, annual Form 943, or annual Form 944 by comparing amounts reported for the following items.
 - a. Federal income tax withheld.
 - b. Social security and Medicare wages.
 - c. Social security and Medicare taxes. Generally, the amounts shown on Forms 941, Form 943, or Form 944, including current year adjustments, should be approximately twice the amounts shown on Form W-3 because Forms 941, Form 943, and Form 944 report both the employer and employee social security and Medicare taxes while Form W-3 reports only the employee taxes.

Don't report backup withholding or withholding on nonpayroll payments, such as pensions, annuities, and gambling winnings, on Forms 941, Form 943, or Form 944.

Withholding on nonpayroll payments is reported on Forms 1099 or W-2G and must be reported on Form 945. Only taxes and withholding reported on Form W-2 should be reported on Forms 941, Form 943, or Form 944.

Amounts reported on Forms W-2, W-3, and Forms 941, Form 943, or Form 944 may not match for valid reasons. For example, if you withheld any Additional Medicare Tax from your employee's wages, the amount of Medicare tax that is reported on Forms 941, line 5c, column 2; Form 943, line 5; or Form 944, line 4c, column 2, won't be twice the amount of the Medicare tax withheld that is reported in box 6 of Form W-3 (box 13 of Form W-3 (PR)) because the Additional Medicare Tax is only imposed on the

employee; there is no employer share of Additional Medicare Tax. Make sure there are valid reasons for any mismatch. Keep your reconciliation so you'll have a record of why amounts didn't match in case there are inquiries from the IRS or the SSA. See the Instructions for Schedule D (Form 941) if you need to explain any discrepancies that were caused by an acquisition, statutory merger, or consolidation.

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