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This is an early release draft of an IRS tax form, instructions, or publication, which the IRS is providing for your information as a courtesy. **Do not file draft forms.** Also, do not rely on draft instructions and publications for filing. We generally do not release drafts of forms until we believe we have incorporated all changes. However, unexpected issues sometimes arise, or legislation is passed, necessitating a change to a draft form. In addition, forms generally are subject to OMB approval before they can be officially released. Drafts of instructions and publications usually have at least some changes before being officially released.

Early releases of draft forms and instructions are at IRS.gov/draftforms. Please note that drafts may remain on IRS.gov even after the final release is posted at IRS.gov/downloadforms, and thus may not be removed until there is a new draft for the subsequent revision. All information about all revisions of all forms, instructions, and publications is at IRS.gov/formspubs.

Almost every form and publication also has its own easily accessible information page on IRS.gov. For example, the Form 1040 page is at IRS.gov/form1040; the Form W-2 page is at IRS.gov/w2; the Publication 17 page is at IRS.gov/pub17; the Form W-4 page is at IRS.gov/w4; the Form 8863 page is at IRS.gov/form8863; and the Schedule A (Form 1040) page is at IRS.gov/schedulea. If typing in the links above instead of clicking on them: type the link into the address bar of your browser, not in a Search box; the text after the slash must be lowercase; and your browser may require the link to begin with “www.”. Note that these are shortcut links that will automatically go to the actual link for the page.

If you wish, you can submit comments about draft or final forms, instructions, or publications on the Comment on Tax Forms and Publications page on IRS.gov. We cannot respond to all comments due to the high volume we receive, but we will carefully consider each one. Please note that we may not be able to consider many suggestions until the subsequent revision of the product.

Instructions for Schedule B (Form 941)

(Rev. January 2017)

Department of the Treasury
Internal Revenue Service

Report of Tax Liability for Semiweekly Schedule Depositors

DRAFT AS OF September 28, 2016

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 *www.irs.gov/form941*.

What's New

Adjusting tax liability for the qualified small business payroll tax credit for increasing research activities. You must account for any qualified small business payroll tax credit for increasing research activities that you reported on Form 941 or Form 941-SS, line 11, when reporting your liabilities on Schedule B. The total liability for the quarter must equal Form 941 or Form 941-SS, line 12. Failure to account for the amount reported on Form 941 or Form 941-SS, line 11, may cause Form 941 or Form 941-SS, line 12, to be less than the total tax liability reported on Schedule B. Don't reduce tax liability reported on Schedule B below zero.

Reminders

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 (or Form 941-SS), don't change your 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, visit IRS.gov and type "semiweekly depositor" in the search box. Also see Pub. 15, Employer's Tax Guide, or Pub. 80, Federal Tax Guide for Employers in the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

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's portion of social security and Medicare taxes. This portion of social security and Medicare taxes isn't withheld from employees.

On Schedule B, list your tax liability for each day. Your liability includes:

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

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

CAUTION *The IRS uses Schedule B to determine if you've deposited your federal employment tax liabilities on time. If you don't properly complete and file your Schedule B with Form 941 or Form 941-SS, the IRS may propose an "averaged" FTD penalty. See* Deposit Penalties *in section 11 of Pub. 15 for more information.*

Who Must File?

File Schedule B if you're a semiweekly schedule depositor. You're a semiweekly 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. See section 11 of Pub. 15 for more information.

CAUTION *Don't complete Schedule B if you have a tax liability that is less than $2,500 during the quarter.*

When Must You File?

Schedule B is filed with Form 941, Employer's QUARTERLY Federal Tax Return, or Form 941-SS, Employer's QUARTERLY Federal Tax Return (American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands). Therefore, the due date of Schedule B is the same as the due date for the applicable Form 941 or Form 941-SS.

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 Form 941-SS.

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 Form 941-SS.

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 deposits were made.

For example, if your payroll period ended on December 31, 2016, and you paid the wages for that period on January 6, 2017, 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).

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

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 or Form 941-SS.

Example 1. Employer A is a **semiweekly** schedule depositor who pays wages for each month on the last day of the month. On December 24, 2017, Employer A also paid its employees year-end bonuses (subject to employment taxes). Employer A must report employment tax liabilities on Schedule B for the 4th quarter (October, November, December), as follows.

Month	Lines for dates wages were paid
1 (October)	line 31 (pay day, last day of the month)
2 (November)	line 30 (pay day, last day of the month)
3 (December)	line 24 (bonus paid December 24, 2017)
3 (December)	line 31 (pay day, last day of the month)

Example 2. Employer B is a **semiweekly** schedule depositor who pays employees every other Friday. Employer B accumulated a $20,000 employment tax liability on each of these pay dates: 01/06/17, 01/20/17, 02/03/17, 02/17/17, 03/03/17, 03/17/17, and 03/31/17. Employer B must report employment tax liabilities on Schedule B as follows.

Month	Lines for dates wages were paid
1 (January)	lines 6 and 20
2 (February)	lines 3 and 17
3 (March)	lines 3, 17, and 31

Example 3. Employer C is a new business and **monthly** schedule depositor for 2017. Employer C paid wages every Friday and accumulated a $2,000 employment tax liability on 01/13/17. On 01/20/17, and on every subsequent Friday during 2017, Employer C 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. Employer C became a semiweekly schedule depositor on 01/21/17, because Employer C had a total accumulated employment tax liability of $112,000 on 01/20/17. For more information, see section 11 of Pub. 15 or section 8 of Pub. 80.

Employer C must complete Schedule B as shown below and file it with Form 941 or 941-SS.

Month	Lines for dates wages were paid	Amount to report
1 (January)	line 13	$2,000
1 (January)	lines 20, 27	$110,000
2 (February)	lines 3, 10, 17, and 24	$110,000
3 (March)	lines 3, 10, 17, 24, and 31	$110,000

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 a corrected 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, only enter the monthly totals. The daily entries aren't required.

Where to file. File your amended Schedule B at the address provided in the penalty notice you received. You don't have to submit your original Schedule B.

Form 941-X

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 corrected 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, don't file an amended Schedule B, unless you were assessed an FTD penalty caused by an incorrect,

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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 (line 10 for quarters ending before January 1, 2017), combined with any correction reported on Form 941-X, line 18, for the quarter, less any previous abatements and interest-free tax assessments.

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CAUTION *Form 941-X will be revised in April 2017. If you are using the April 2017 revision, 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 (line 10 for quarters ending before January 1, 2017), combined with any correction reported on Form 941-X, line 19) 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 average time is 2 hours, 53 minutes.

If you have comments concerning the accuracy of this time estimate or suggestions for making Schedule B simpler, we would be happy to hear from you. You can send us comments from *www.irs.gov/formspubs*. Click on *More Information* then click on *Give us feedback*. Or you can send your comments to Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Don't send Schedule B to this address. Instead, see *Where Should You File?* in the Form 941 or Form 941-SS instructions.