

Instructions for Form 941-SS

(Rev. January 2004)

Employer's Quarterly Federal Tax Return—American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands

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



Department of the Treasury
Internal Revenue Service

Changes To Note

Enhanced Third Party Designee authority. The authority given to a representative when a filer completes the **Third Party Designee** section of Form 941-SS has been **enhanced** and is now **revocable**. Third-party designees will now be able to exchange information with the IRS concerning Form 941-SS. They may also request and receive written tax information relating to Form 941-SS, including copies of specific notices, correspondence, and account transcripts. The named third party designee may now be any individual, corporation, firm, organization, or partnership. As a result, the enhanced Third Party Designee authorization will be substantially equivalent to Form 8821, Tax Information Authorization. See **Third Party Designee** on page 4 for details.

Social security wage base for 2004. Stop withholding social security tax after an employee reaches \$87,900 in taxable wages during 2004. (There is no limit on the amount of wages subject to Medicare tax.)

General Instructions

Purpose of Form

Use **Form 941-SS**, Employer's Quarterly Federal Tax Return, to report social security and Medicare taxes for workers in American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands.

Circular SS (Pub. 80), Federal Tax Guide for Employers in the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, explains the requirements for withholding, depositing, and paying social security and Medicare taxes. It explains the forms you must give your employees, those your employees must give you, and those you must send to the IRS. See **Pub. 15-A**, Employer's Supplemental Tax Guide, for specialized employment tax information supplementing the basic information provided in Circular SS (Pub. 80).

Who Must File

You must file a return for the first quarter in which you pay wages subject to social security and Medicare taxes, and for each quarter thereafter. Use Form 941-SS if your principal place of business is in American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, or

the U.S. Virgin Islands, or if you have employees who are subject to income tax withholding for these jurisdictions.

Once you have filed a return, a preaddressed Form 941-SS will be sent to you every 3 months. You must file a return each quarter, even if you have no tax liability to report. If the form fails to reach you, request one in time to file. See **Where To Obtain Forms** on page 2.

Seasonal Employers

Employers are not required to file for quarters when they regularly have no tax liability because they have paid no wages. To alert the IRS that you will not have to file a return for one or more quarters during the year, check the **Seasonal Employer** box above line 1 on Form 941-SS. The IRS will mail you two Forms 941-SS once a year after March 1. The preprinted information will not include the date the quarter ended. **You must enter the date the quarter ended when you file the return.** The IRS generally will not inquire about unfiled returns if at least one taxable return is filed each year. However, you must check the **Seasonal Employer** box on **every** quarterly return you file. Otherwise, the IRS will expect a return to be filed for each quarter.

Note: *If you go out of business or stop paying wages, file a final return. Be sure to fill in the entries above line 1. See **Terminating a business** in the Form W-3SS instructions for information on the earlier due dates for the expedited furnishing and filing of Form W-2AS, W-2GU, W-2CM, or W-2VI when a final Form 941-SS is filed.*

When To File

A return must be filed for each quarter of the calendar year, as follows:

Quarter	Due Date
Jan.-Feb.-Mar.	April 30
Apr.-May-June	July 31
July-Aug.-Sept.	Oct. 31
Oct.-Nov.-Dec.	Jan. 31

If you made deposits on time in full payment of the taxes for a quarter, you have 10 more days after the above due dates to file. If the due date for filing a return falls on a Saturday, Sunday, or legal holiday, you may file the return on the next business day.



File Form 941-SS electronically and receive proof of filing acknowledgement. Electronic payment options may also be available. Visit the IRS website at www.irs.gov/efile for details.

Where To File

Mail Form 941-SS to:

Form 941-SS with payment	Internal Revenue Service P. O. Box 80106 Cincinnati, OH 45280-0006
Form 941-SS without payment	Internal Revenue Service Philadelphia, PA 19255-0005

Where To Obtain Forms

See Circular SS (Pub. 80) for information on ordering IRS forms by telephone, mail, or online. You may also be able to get some IRS forms at the addresses listed below.

American Samoa. Department of Treasury, Income Tax Division, Government of American Samoa, Executive Office Bldg., First Floor, Pago Pago, AS 96799.

Guam. Department of Revenue and Taxation, Government of Guam, Building 13-1 Mariner Avenue, Tiyjan Barrigada, GU 96913.

Commonwealth of the Northern Mariana Islands. Administrator, CNMI Social Security System, Saipan, MP 96960.

U.S. Virgin Islands. V.I. Bureau of Internal Revenue, 9601 Estate Thomas, Charlotte Amalie, St. Thomas, VI 00802.

Preprinted Name and Address Information

If your preprinted name, EIN, or address information on Form 941-SS is not correct, cross it out and type or print the correct information. However, **do not** change any of the preprinted information on your **Form 941-V(SS)**, Payment Voucher.

Employer Identification Number (EIN)

If you are liable for social security and Medicare taxes and have not applied for an EIN, file **Form SS-4**, Application for Employer Identification Number. Do not show your social security number on forms calling for an EIN. You may also apply for an EIN online by visiting the IRS website at www.irs.gov/smallbiz.

If you do not have an EIN by the time a return is due, write "Applied For" and the date you applied in the space shown for the number. If you do not have a number by the time a tax deposit is due, send your payment to the Internal Revenue Service Center where you file your returns. Make it payable to the "United States Treasury" and show on it your name (as shown on Form SS-4), address, kind of tax, period covered, and date you applied for an EIN. For more information about EINs, see **Pub. 583**, Starting a Business and Keeping Records.

Note: Always make certain that the EIN on the form you file matches the EIN assigned to your business by the IRS. Filing a Form 941-SS with an incorrect EIN or using the EIN of another business may result in penalties and delays in processing your return.

Penalties and Interest

There are penalties for filing a return late and paying or depositing taxes late, unless reasonable cause is shown for the delay. If you file or pay late, attach an explanation to your return.

There are also penalties for failure to: **(a)** furnish Forms W-2AS, W-2GU, W-2CM, or W-2VI to employees and file copies with the SSA and **(b)** deposit taxes when

required. In addition, there are penalties for willful failure to file returns and pay taxes when due and for filing false returns or submitting bad checks. See Circular SS (Pub. 80) for additional information.

Interest is charged on taxes paid late at the rate set by law.



A trust fund recovery penalty may apply if social security and Medicare taxes that must be withheld are not withheld or are not paid. Under this penalty, certain officers or employees of a corporation, employees of a sole proprietorship, or certain members or employees of a partnership become personally liable for payment of the taxes and are penalized an amount equal to the unpaid taxes. See section 8 of Circular SS (Pub. 80) for details.

How To Make Deposits

You may pay the taxes with Form 941-SS instead of depositing if your total taxes for the quarter (line 10) are less than \$2,500 and you pay in full with a timely filed return.

If your total taxes (line 10) are \$2,500 or more for the quarter, you must deposit your tax liabilities at an authorized financial institution with **Form 8109**, Federal Tax Deposit Coupon, or by using the **Electronic Federal Tax Payment System (EFTPS)**.

To get more information or to enroll in EFTPS, you may call 1-800-555-4477, 1-800-945-8400 (or 720-332-3725 for territories unable to use the toll-free numbers) or visit the EFTPS website at www.eftps.gov.

See section 8 of Circular SS (Pub. 80) for information and rules concerning Federal tax deposits and to determine your status as a monthly or semiweekly depositor.

Reconciliation of Forms 941-SS and W-3SS

Certain amounts reported on your four quarterly Forms 941-SS for 2004 should agree with your Form W-2AS, W-2GU, W-2CM, or W-2VI totals reported on your 2004 **Form W-3SS**, Transmittal of Wage and Tax Statements, or with information filed with the SSA on equivalent magnetic media reports. **The amounts that should agree are:** social security wages, social security tips, and Medicare wages and tips. If the totals do not agree, the IRS may require you to explain any differences and correct any errors.

Adjustment of Tax on Tips

If, by the 10th of the month after the month you received an employee's report on tips, you do not have enough employee funds available to withhold the employee's share of social security and Medicare taxes, you no longer have to collect it. Report the entire amount of these tips on lines 6c (social security tips) and 7a (Medicare wages and tips). Include as an adjustment in the "Other" space on line 9 the total uncollected employee share of the social security and Medicare taxes.

Agricultural and Household Employers

Agricultural employers. Agricultural wages must be reported on **Form 943**, Employer's Annual Federal Tax Return for Agricultural Employees, not on Form 941-SS.

Household employers. Employers who report wages on household employees should see Circular SS (Pub. 80) and **Pub. 926**, Household Employer's Tax Guide.

Specific Instructions

Line 1—Number of Employees

Enter the number of employees on your payroll during the pay period including **March 12** (on the January-March calendar quarter return only). **Do not** include household employees, persons who received no pay during the pay period, pensioners, or members of the Armed Forces.

Line 6a—Taxable Social Security Wages

Enter the total wages (before deductions and excluding tips) subject to social security tax that you paid to your employees during the quarter. See section 4 of Circular SS (Pub. 80) for information on types of wages subject to social security tax. Enter the amount before deductions. Do not include tips on this line. Also include any sick pay and taxable fringe benefits subject to social security taxes. After you reach \$87,900 (including tips shown on line 6c) for an employee in 2004, do not report any amount you later pay the employee in the year. See the line 7a instructions for Medicare tax. If none of the payments are subject to social security tax, enter “-0-.”

Line 6c—Taxable Social Security Tips

Enter all tips your employees reported during the quarter until tips and wages (line 6a) for an employee reach \$87,900 in 2004. Do this even if you were not able to withhold the employee tax (6.2%). However, see **Adjustment of Tax on Tips** on page 2.

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

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

Line 7a—Taxable Medicare Wages and Tips

Report all wages and tips subject to the Medicare tax. If none of the payments are subject to the Medicare tax, enter “-0-.” Include all tips your employees reported during the quarter, even if you were not able to withhold the employee tax (1.45%). However, see **Adjustment of Tax on Tips** on page 2.

Line 9—Adjustment of Social Security and Medicare Taxes

Current period adjustments. In certain cases, amounts reported as social security and Medicare taxes on lines 6b, 6d, and 7b must be adjusted to arrive at your correct tax liability. Use parentheses (if possible) to show a net decrease to the amounts reported on lines 6b, 6d, and 7b. Provide a supporting statement explaining any adjustments reported in the “Other” entry space.

The most common current period adjustment is the **fractions of cents** (rounding) adjustment. Each pay period, you round off fractions of cents when computing

social security and Medicare tax withholding for each employee. This rounding can result in a difference between the actual amount of tax withheld and deposited (with your share) and the amount of the total tax shown on line 8. If there is a difference due to fractions of cents rounding, report it as an adjustment on line 9 and in the “Fractions of Cents” entry space.

See **Adjustment of Tax on Tips** on page 2 for information on adjustments for uncollected tax on tips. Information on current period adjustments for group-term life insurance premiums paid for former employees and sick pay paid by a third-party payer is available in section 13 of **Circular E (Pub. 15)**, Employer's Tax Guide.

Prior period adjustments. Use line 9 to correct errors in tax reported on an earlier return. If you report both an underpayment and an overpayment, show only the net amount. Enter the adjustments for sick pay and fractions of cents (see instructions above) in the appropriate line 9 entry spaces. Enter the amount of all other adjustments in the “Other” entry space, and enter the total of the three types of adjustments in the line 9 entry space to the right. Explain any prior period adjustment on line 9 on **Form 941c**, Supporting Statement To Correct Information, or attach an equivalent supporting statement. Do not file Form 941c separately from Form 941-SS.

Because Form W-2AS, W-2GU, W-2CM, or W-2VI is used by the SSA to post the employee's wages to his or her earnings record, you must give a corrected form to the employee if a form was issued showing any incorrect information. Use **Form W-2c**, Corrected Wage and Tax Statement. Give your employees Copies B and C of Form W-2c. Send Copy A of the Form W-2c, together with **Form W-3c**, Transmittal of Corrected Wage and Tax Statements, to the Social Security Administration.

Line 10—Adjusted Total of Social Security and Medicare Taxes

Combine lines 8 and 9; enter the result on line 10.

Line 15—Balance Due

You do not have to pay if line 15 is under \$1.

Generally, you should show a balance due **only if** your total tax liability for the quarter (line 10) is less than \$2,500. However, see section 8 of Circular SS (Pub. 80) regarding payments made under the **Accuracy of Deposits Rule**. Pay to the “United States Treasury.” Enter your EIN, “Form 941-SS,” and the tax period on your payment.



If you fail to make deposits as required and instead pay these amounts with your return, you may be subject to a penalty.

Line 16—Overpayment

If you deposited more than the correct amount for a quarter, you can have the overpayment refunded or applied to your next return. Also, the IRS may apply your overpayment to any past due tax account under your EIN. If line 16 is under \$1, the amount will be refunded or applied to your next return only on written request.

Line 17—Monthly Summary of Federal Tax Liability

Note: *This is a summary of your monthly tax liability, not a summary of deposits made. If line 10 is less than*

\$2,500, **do not** complete line 17 or Schedule B (Form 941).

Complete line 17 **only** if you are a **monthly schedule depositor** (see Circular SS (Pub. 80), section 8, for details on the deposit rules). You are a monthly schedule depositor for the calendar year if your Form 941-SS taxes (line 10) reported for the lookback period are not more than \$50,000. The **lookback period** is the four consecutive quarters ending on June 30 of the prior year. For 2004, the lookback period begins July 1, 2002, and ends June 30, 2003. If you reported more than \$50,000 during the lookback period or accumulated \$100,000 or more on any day during a month, do not complete line 17. Instead, complete and attach Schedule B (Form 941).

Third Party Designee

If you want to allow any individual, corporation, firm, organization, or partnership to discuss your Form 941-SS with the IRS, check the "Yes" box in the **Third Party Designee** section of the return. Also, enter the designee's name, phone number, and any five numbers the designee chooses as his or her personal identification number (PIN). The authorization applies only to the tax form on which it appears.

By checking the "Yes" box, you are **authorizing** the IRS to call the designee to answer any questions relating to the information reported on your tax return. You are also authorizing the designee to:

- Exchange information concerning your tax return with the IRS and
- Request and receive written tax return information relating to your tax return, including copies of notices, correspondence, and account transcripts.

You are **not authorizing** the designee to receive any refund check, bind you to anything (including additional tax liability), or otherwise represent you before the IRS. If you want to further expand the designee's authorization or want the designee to automatically receive copies of notices, see **Publication 947**, Practice Before the IRS and Power of Attorney.

The **Third Party Designee** authorization automatically **expires** 1 year from the due date (without regard to extensions) for filing your Form 941-SS. If you or your designee want to terminate the authorization, send a written statement of revocation to the IRS service center where the return was processed.

Who Must Sign

- **Sole proprietorship**—The individual owning the business.
- **Corporation** (including an LLC treated as a corporation)—The president, vice president, or other principal officer.
- **Partnership** (including an LLC treated as a partnership) **or unincorporated organization**—A responsible and duly authorized member or officer having knowledge of its affairs.

- **Single member limited liability company (LLC) treated as a disregarded entity**—The owner of the limited liability company.
- **Trust or estate**—The fiduciary.

The return may also be signed by a duly authorized agent of the taxpayer if a valid power of attorney has been filed.

Privacy Act and Paperwork Reduction Act Notice.

We ask for the information on this form to carry out the Internal Revenue laws of the United States. We need it to figure and collect the right amount of tax. Subtitle C, Employment Taxes, of the Internal Revenue Code imposes employment taxes on wages. This form is used to determine the amount of the taxes that you owe. Section 6011 requires you to provide the requested information if the tax is applicable to you. Section 6109 requires you to provide your EIN. If you fail to provide this information in a timely manner, you may be subject to penalties and interest.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law.

Generally, tax returns and return information are confidential, as required by section 6103. However, section 6103 allows or requires the Internal Revenue Service to disclose or give the information shown on your tax return to others described in the Code. For example, we may disclose your tax information to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia for use in administering their tax laws. We may also disclose this information to Federal and state agencies to enforce Federal nontax criminal laws and to combat terrorism. We may give this information to other countries pursuant to tax treaties.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 10 hr., 15 min.; **Learning about the law or the form**, 18 min.; **Preparing and sending the form to the IRS**, 28 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Products Coordinating Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **Do not** send Form 941-SS to this address. Instead, see **Where To File** on page 2.
