

Payroll Tax Adjustments and How to Process

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Typical Amendments

1

Gross Wage or Tax Changes: stock options, unreported income, missed benefits, employee repayments, exempt/nonexempt FICA

2

State wage allocation

3

Employee Retention Credit

Form **941-X:** **Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund**
(Rev. April 2022) Department of the Treasury — Internal Revenue Service

OMB No. 1545-0029

Employer identification number (EIN)			—								
Name (not your trade name)											
Trade name (if any)											
Address											
	Number		Street					Suite or room number			
	City					State	ZIP code				
	Foreign country name					Foreign province/county			Foreign postal code		

Read the separate instructions before completing this form. Use this form to correct errors you made on Form 941 or 941-SS. Use a separate Form 941-X for each quarter that needs correction. Type or print within the boxes. You **MUST** complete all five pages. Don't attach this form to Form 941 or 941-SS unless you're reclassifying workers; see the instructions for line 42.

Part 1: Select **ONLY** one process. See page 6 for additional guidance, including information on how to treat employment tax credits and social security tax deferrals.

- ☐ **1. Adjusted employment tax return.** Check this box if you underreported tax amounts. Also check this box if you overreported tax amounts and you would like to use the adjustment process to correct the errors. You must check this box if you're correcting both underreported and overreported tax amounts on this form. The amount shown on line 27, if less than zero, may only be applied as a credit to your Form 941, Form 941-SS, or Form 944 for the tax period in which you're filing this form.
- ☐ **2. Claim.** Check this box if you overreported tax amounts only and you would like to use the claim process to ask for a refund or abatement of the amount shown on line 27. Don't check this box if you're correcting **ANY** underreported tax amounts on this form.

Return You're Correcting...

Check the type of return you're correcting.

- ☐ 941
- ☐ 941-SS

Check the **ONE** quarter you're correcting.

- ☐ **1:** January, February, March
- ☐ **2:** April, May, June
- ☐ **3:** July, August, September
- ☐ **4:** October, November, December

Enter the calendar year of the quarter you're correcting.

(YYYY)

Enter the date you discovered errors.

/ /
(MM / DD / YYYY)

Interest and Penalty Free Adjustment

Per the IRS instructions:

You **must** enter the date you discovered errors. You discover an error when you have enough information to be able to correct it. If you're reporting several errors that you discovered at different times, enter the earliest date you discovered them here.

The penalty and interest are driven off of the date you supply on Box 1 of the Form 941X

- ☐ 3. I certify that I've filed or will file Forms W-2, Wage and Tax Statement, or Forms W-2c, Corrected Wage and Tax Statement, as required.

Note: If you're correcting underreported tax amounts only, go to Part 3 on page 2 and skip lines 4 and 5. If you're correcting overreported tax amounts, for purposes of the certifications on lines 4 and 5, Medicare tax doesn't include Additional Medicare Tax. Form 941-X can't be used to correct overreported amounts of Additional Medicare Tax unless the amounts weren't withheld from employee wages or an adjustment is being made for the current year.

4. If you checked line 1 because you're adjusting overreported federal income tax, social security tax, Medicare tax, or Additional Medicare Tax, check all that apply. You must check at least one box.
I certify that:

- ☐ a. I repaid or reimbursed each affected employee for the overcollected federal income tax or Additional Medicare Tax for the current year and the overcollected social security tax and Medicare tax for current and prior years. For adjustments of employee social security tax and Medicare tax overcollected in prior years, I have a written statement from each affected employee stating that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
- ☐ b. The adjustments of social security tax and Medicare tax are for the employer's share only. I couldn't find the affected employees or each affected employee didn't give me a written statement that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
- ☐ c. The adjustment is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that I didn't withhold from employee wages.

5. If you checked line 2 because you're claiming a refund or abatement of overreported federal income tax, social security tax, Medicare tax, or Additional Medicare Tax, check all that apply. You must check at least one box.
I certify that:

- ☐ a. I repaid or reimbursed each affected employee for the overcollected social security tax and Medicare tax. For claims of employee social security tax and Medicare tax overcollected in prior years, I have a written statement from each affected employee stating that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
- ☐ b. I have a written consent from each affected employee stating that I may file this claim for the employee's share of social security tax and Medicare tax. For refunds of employee social security tax and Medicare tax overcollected in prior years, I also have a written statement from each affected employee stating that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
- ☐ c. The claim for social security tax and Medicare tax is for the employer's share only. I couldn't find the affected employees, or each affected employee didn't give me a written consent to file a claim for the employee's share of social security tax and Medicare tax, or each affected employee didn't give me a written statement that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
- ☐ d. The claim is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that I didn't withhold from employee wages.

For Wage or Tax Corrections

3: I certify that I've filed or will file Forms W-2, Wage and Tax Statement, or Forms W-2c, Corrected Wage and Tax Statement, as required.

Note: If you're correcting underreported tax amounts only, go to Part 3 on page 2 and skip lines 4 and 5. If you're correcting overreported tax amounts, for purposes of the certifications on lines 4 and 5, Medicare tax doesn't include Additional Medicare Tax. Form 941-X can't be used to correct overreported amounts of Additional Medicare Tax unless the amounts weren't withheld from employee wages or an adjustment is being made for the current year.

For Wage or Tax Corrections

4. If you checked line 1 because you're adjusting overreported federal income tax, social security tax, Medicare tax, or Additional Medicare Tax, check all that apply.

You must check at least one box. I certify that:

- a.** I repaid or reimbursed each affected employee for the overcollected federal income tax or Additional Medicare Tax for the current year and the overcollected social security tax and Medicare tax for current and prior years. For adjustments of employee social security tax and Medicare tax overcollected in prior years, I have a written statement from each affected employee stating that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
- b.** The adjustments of social security tax and Medicare tax are for the employer's share only. I couldn't find the affected employees or each affected employee didn't give me a written statement that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
- c.** The adjustment is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that I didn't withhold from employee wages.

For Wage or Tax Corrections

5. If you checked line 2 because you're claiming a refund or abatement of overreported federal income tax, social security tax, Medicare tax, or Additional Medicare Tax, check all that apply. You must check at least one box. I certify that:

- a.** I repaid or reimbursed each affected employee for the overcollected social security tax and Medicare tax. For claims of employee social security tax and Medicare tax overcollected in prior years, I have a written statement from each affected employee stating that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
- b.** have a written consent from each affected employee stating that I may file this claim for the employee's share of social security tax and Medicare tax. For refunds of employee social security tax and Medicare tax overcollected in prior years, I also have a written statement from each affected employee stating that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
- c.** The claim for social security tax and Medicare tax is for the employer's share only. I couldn't find the affected employees, or each affected employee didn't give me a written consent to file a claim for the employee's share of social security tax and Medicare tax, or each affected employee didn't give me a written statement that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
- d.** The claim is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that I didn't withhold from employee wages.

Name (not your trade name)	Employer identification number (EIN)	Correcting quarter (1, 2, 3, 4)
		Correcting calendar year (YYYY)

Part 3: Enter the corrections for this quarter. If any line doesn't apply, leave it blank.

	Column 1 Total corrected amount (for ALL employees)	Column 2 Amount originally reported or as previously corrected (for ALL employees)	Column 3 Difference (If this amount is a negative number, use a minus sign.)	Column 4 Tax correction
6. Wages, tips, and other compensation (Form 941, line 2)				Use the amount in Column 1 when you prepare your Forms W-2 or Forms W-2c.
7. Federal income tax withheld from wages, tips, and other compensation (Form 941, line 3)				Copy Column 3 here
8. Taxable social security wages (Form 941 or 941-SS, line 5a, Column 1)				$\times 0.124^* =$
9. Qualified sick leave wages* (Form 941 or 941-SS, line 5a(i), Column 1)				$\times 0.062 =$
10. Qualified family leave wages* (Form 941 or 941-SS, line 5a(ii), Column 1)				$\times 0.062 =$
11. Taxable social security tips (Form 941 or 941-SS, line 5b, Column 1)				$\times 0.124^* =$
12. Taxable Medicare wages & tips (Form 941 or 941-SS, line 5c, Column 1)				$\times 0.029^* =$
13. Taxable wages & tips subject to Additional Medicare Tax withholding (Form 941 or 941-SS, line 5d)				$\times 0.009^* =$

* If you're correcting your employer share only, use 0.062. See instructions.

* Use line 9 only for qualified sick leave wages paid after March 31, 2020, for leave taken before April 1, 2021.

* Use line 10 only for qualified family leave wages paid after March 31, 2020, for leave taken before April 1, 2021.

* If you're correcting your employer share only, use 0.062. See instructions.

* If you're correcting your employer share only, use 0.0145. See instructions.

* Certain wages and tips reported in Column 3 shouldn't be multiplied by 0.009. See instructions.

Typical Amendments

Gross Wage or Tax Changes:

- Stock options
 - Unreported income
 - Missed benefits
 - Employee repayments
 - Exempt/nonexempt FICA
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- ✓ Only adjust the lines that are affected
 - ✓ FIT reductions should not be made unless in same calendar year
 - ✓ Reflect credits in (XXX,XXX) format

Form 941X: Employee consents to support a claim for refund

- Rev. Proc. 2017-28, 2017-14 I.R.B. 1061, available at [IRS.gov/irb/2017-14_IRB#RP-2017-28](https://www.irs.gov/irb/2017-14_IRB#RP-2017-28), provides guidance to employers on the requirements for employee consents used by an employer to support a claim for refund of overcollected social security tax and Medicare tax.
- The revenue procedure clarifies the basic requirements for both a request for employee consent and for the employee consent, and permits a consent to be requested, furnished, and retained in an electronic format as an alternative to a paper format.
- The revenue procedure also contains guidance concerning when an employer may claim a refund of only the employer share of overcollected social security tax and Medicare tax.
- The revenue procedure requires that any request for consent include an Additional Medicare Tax notice indicating that any claim on the employee's behalf won't include a claim for overpaid Additional Medicare Tax.

Form 941X Correcting federal income tax withheld

- Generally, you may correct federal income tax withholding errors only if you discovered the errors in the same calendar year you paid the wages. In addition, for an overcollection, you may correct federal income tax withholding only if you also repaid or reimbursed the employees in the same year.
- For prior years, you may only correct administrative errors to federal income tax withholding (that is, errors in which the amount reported on Form 941, line 3, isn't the amount you actually withheld from an employee's wages) and errors for which section 3509 rates apply.
- *See section 13 of Pub. 15, Employer's Tax Guide, for more information about corrections during the calendar year and about administrative errors.*
- *See section 2 of Pub. 15 for more information about section 3509.*

Form 941X Correcting federal income tax withheld

- You can't file a Form 941-X to correct federal income tax withholding for prior years for non-administrative errors.
- You can't correct federal income tax actually withheld from an employee in a prior year if you discover that you didn't withhold the right amount.

Example:

- You can't correct federal income tax withheld in a prior year because you used the wrong income tax withholding table or you didn't treat a payment correctly as taxable or nontaxable.
- If you paid federal income tax in a prior year on behalf of your employee, rather than deducting it from the employee's pay (which resulted in additional wages subject to tax), and in a subsequent year you determine that you incorrectly calculated the amount of tax, you can't correct the federal income tax withholding. However, you must still correct the amount of wages you reported on Form 941 and Form W-2, Wage and Tax Statement, for a prior year by filing Form 941-X and Form W-2c, Corrected Wage and Tax Statement, respectively.

Form 941X: Correcting Additional Medicare Tax withholding and wages and tips subject to Additional Medicare Tax withholding.

- You can't file a Form 941-X to correct the wrong amount of Additional Medicare Tax actually withheld from an employee in a prior year, including any amount you paid on behalf of your employee rather than deducting it from the employee's pay (which resulted in additional wages subject to tax).
- For more information about Additional Medicare Tax withholding, see the Instructions for Form 941 or go to [IRS.gov/ADMT](https://www.irs.gov/ADMT).