



# Instructions for Schedule R (Form 941)

(Rev. March 2024)

## Allocation Schedule for Aggregate Form 941 Filers

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

### Future Developments

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

### What's New

The format of the March 2024 revision of Schedule R has reverted back to the format previously used on the March 2022 revision of Schedule R, in which columns m, s, t, and v were "Reserved for future use." The calendar year field on Schedule R is no longer prepopulated. In most cases, the March 2024 revision of Schedule R should only be used for quarters beginning after December 31, 2023. However, in some rare instances (for example, you have a client that is eligible to take the COBRA premium assistance credit after the first quarter of 2022), you may need to file the March 2024 revision of Schedule R with a Form 941-X, Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund, for a quarter that began before January 1, 2024.

The March 2024 revision of Schedule R includes a new checkbox to tell us if the Schedule R is attached to Form 941 or 941-X. Columns f, l, n, o, p, u, w, x, and y are now used only when Schedule R is attached to Form 941-X.

At this time, the IRS expects the March 2024 revision of Schedule R and these instructions to also be used for the second, third, and fourth quarters of 2024, and possibly longer. If changes in law require additional changes to Schedule R, the form and/or these instructions may be revised. You may need a prior revision of Schedule R when filing a Form 941-X (for example, to claim or correct the employee retention credit). Prior revisions of Schedule R are available at [IRS.gov/Form941](https://www.irs.gov/Form941) (select the link for "All Form 941 Revisions" under "Other Items You May Find Useful"). Don't use an earlier revision of Schedule R for any calendar quarter beginning after December 31, 2023.

## General Instructions

### Purpose of Schedule R

Use Schedule R to allocate certain aggregate information reported on Form 941 or 941-X to each client. For purposes of Schedule R, the term "client" means (a) an "employer or payer" identified on Form 2678, Employer/Payer Appointment of Agent; (b) a customer who enters into a contract that meets the requirements under section

7705(e)(2); (c) a client who enters into a service agreement described under Regulations section 31.3504-2(b)(2) with a certified professional employer organization (CPEO); (d) a client who enters into a service agreement described under Regulations section 31.3504-2(b)(2) with a non-certified professional employer organization (PEO); or (e) a third party paying qualified sick leave wages as an agent for the employer under Regulations section 32.1(e)(3). If you have more than five clients, complete as many Continuation Sheets as necessary. Attach Schedule R, including any Continuation Sheets, to your aggregate Form 941.

### Who Must File?

Agents approved by the IRS under section 3504 and CPEOs must complete Schedule R each time they file an aggregate Form 941. To request approval to act as an agent for an employer under section 3504, the agent must file Form 2678 with the IRS. Form 2678 must be previously filed and approved by the IRS before filing Schedule R. To become a CPEO, the organization must apply through the IRS Online Registration System. Go to the IRS website at [IRS.gov/CPEO](https://www.irs.gov/CPEO) for more information. Other third-party payers that file aggregate Forms 941, such as non-certified PEOs, must complete and file Schedule R if they have clients that are claiming the qualified small business payroll tax credit for increasing research activities. Third-party payers other than agents approved by the IRS under section 3504 and CPEOs need to include client-by-client amounts only for those clients claiming the qualified small business payroll tax credit for increasing research activities. Amounts for clients not claiming the qualified small business payroll tax credit for increasing research activities are included on Schedule R, page 1, line 8. Schedule R must also be completed if any clients are claiming credits on Form 941-X.

### When Must You File?

If you're an aggregate Form 941 filer, file Schedule R with your aggregate Form 941 every quarter. Agents and non-certified PEOs may file Form 941 and Schedule R electronically or by paper submission. CPEOs must generally file Form 941 and Schedule R electronically. For more information about a CPEO's requirement to file electronically, see Rev. Proc. 2023-18, 2023-13 I.R.B. 605, available at [IRS.gov/irb/2023-13\\_IRB#REV-PROC-2023-18](https://www.irs.gov/irb/2023-13_IRB#REV-PROC-2023-18).



*Beginning sometime in 2024, the IRS expects to make filing Form 941-X available as part of Modernized e-File (MeF). Monitor IRS.gov for more information on availability.*

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# Specific Instructions

## Completing Schedule R

### Enter Your Business Information

Carefully enter your employer identification number (EIN) and the name of your business at the top of the schedule. Make sure they exactly match the EIN and name shown on the attached Form 941 or 941-X. Check one of the "Type of filer" boxes to tell us if you're a section 3504 agent, a CPEO, or any other type of third party (for example, a non-certified PEO).

### Calendar Year

Enter the calendar year of the Form 941 or 941-X to which you attached Schedule R.

### Check the Box for the Quarter

Check the appropriate box of the quarter for which you're filing Schedule R. Make sure the quarter checked on the top of the Schedule R matches the quarter checked on the attached Form 941 or 941-X.

### Form Checkbox

Check a box to tell us if Schedule R is attached to Form 941 or 941-X.

### Client and Employee Information

On Schedule R, including any Continuation Sheets, you must report the following for each client.

**Note.** When entering amounts over 999.99 on Schedule R, don't enter commas.

**Column a.** The client's EIN.

**Column b (CPEO Use Only).** Enter a code to report the type of wages, tips, and other compensation paid to the individual(s) performing services for the client. If you paid more than one type of wages, tips, or other compensation, you must use more than one line to report for that client and enter the applicable code for each line. The following four codes are the only entries that can be made in column b.

- A: Wages, tips, and other compensation paid under section 3511(a).
- B: Wages, tips, and other compensation paid under section 3511(c).
- C: Wages, tips, and other compensation not reported under code A or code B paid as a payor under a service agreement described in Regulations section 31.3504-2(b)(2).
- D: Wages, tips, and other compensation paid as an agent under Regulations section 31.3504-1.

**Column c.** Number of employees who received wages, tips, or other compensation for the pay period for the listed client EIN from Form 941, line 1 (no Form 941-X equivalent line).

**Column d.** Wages, tips, and other compensation allocated to the listed client EIN from Form 941, line 2 (Form 941-X, line 6, column 1).

**Column e.** Total federal income tax withheld from wages, tips, and other compensation allocated to the listed client EIN from Form 941, line 3 (Form 941-X, line 7, column 1).

**Column f.** Total qualified sick leave wages and qualified family leave wages paid during the quarter selected on Schedule R for leave taken after March 31, 2020, and before April 1, 2021, allocated to the listed client EIN from Form 941-X, lines 9 and 10, column 1.

**Column g.** Total social security tax allocable to taxable social security wages and taxable social security tips allocated to the listed client EIN from Form 941, lines 5a and 5b, column 2 (Form 941-X, lines 8 and 11, column 1, multiplied by the applicable tax rate).

**Column h.** Medicare tax allocated to the listed client EIN from Form 941, line 5c, column 2 (Form 941-X, line 12, column 1, multiplied by the applicable tax rate).

**Column i.** Total social security and Medicare taxes allocated to the listed client EIN from Form 941, line 5e (no Form 941-X equivalent line). This amount includes Additional Medicare Tax withholding.

**Column j.** Section 3121(q) Notice and Demand—Tax due on unreported tips allocated to the listed client EIN from Form 941, line 5f (Form 941-X, line 14, column 1).

**Column k.** Qualified small business payroll tax credit for increasing research activities allocated to the listed client EIN from Form 941, line 11 (Form 941-X, line 16, column 1). You must attach a separate Form 8974 for each client claiming this credit.

**Column l.** Nonrefundable and refundable portions of the credit for qualified sick and family leave wages paid during the quarter selected on Schedule R for leave taken after March 31, 2020, and before April 1, 2021, allocated to the listed client EIN from Form 941-X, lines 17 and 25, column 1.

**Column n.** Nonrefundable and refundable portions of the credit for qualified sick and family leave wages paid during the quarter selected on Schedule R for leave taken after March 31, 2021, and before October 1, 2021, allocated to the listed client EIN from Form 941-X, lines 18b and 26b, column 1.

**Column o.** Nonrefundable and refundable portions of COBRA premium assistance credit paid during the quarter selected on Schedule R allocated to the listed client EIN from Form 941-X, lines 18c and 26c, column 1.

**Column p.** Number of individuals provided COBRA premium assistance during the quarter selected on Schedule R allocated to the listed client EIN from Form 941-X, line 18d, column 1.

**Column q.** Total taxes after adjustments and nonrefundable credits allocated to the listed client EIN from Form 941, line 12 (no Form 941-X equivalent line).

**Column r.** Total deposits for this quarter, including overpayment applied from a prior quarter and overpayments applied from Form 941-X, 941-X (PR), or 944-X, filed in the current quarter allocated to the listed client EIN from Form 941, line 13 (no Form 941-X equivalent line). Include any payment made with the return allocated to the listed client EIN.

**Column u.** Total qualified health plan expenses allocable to qualified sick and family leave wages paid during the quarter selected on Schedule R for leave taken after March 31, 2020, and before April 1, 2021, allocated to the listed client EIN from Form 941-X, lines 28 and 29, column 1.

**Column w.** Total amount of qualified sick leave wages and amounts under certain collectively bargained agreements allocable to qualified sick leave wages paid during the quarter selected on Schedule R for leave taken after March 31, 2021, and before October 1, 2021, allocated to the listed client EIN from Form 941-X, lines 35 and 37, column 1.

**Column x.** Total amount of qualified health plan expenses allocable to qualified sick and family leave wages during the quarter selected on Schedule R for leave taken after March 31, 2021, and before October 1, 2021, allocated to the listed client EIN from Form 941-X, lines 36 and 39, column 1.

**Column y.** Total amount of qualified family leave wages and amounts under certain collectively bargained agreements allocable to qualified family leave wages paid during the quarter selected on Schedule R for leave taken after March 31, 2021, and before October 1, 2021, allocated to the listed client EIN from Form 941-X, lines 38 and 40, column 1.

**Line 6.** Enter the subtotals for clients for column c through column l, column n through column r, column u, and column w through column y.

**Line 7.** Enter the combined subtotal from line 9 of all Continuation Sheets for Schedule R for column c through column l, column n through column r, column u, and column w through column y.

**Line 8.** Enter Form 941 amounts for your employees for column c through column l, column n through column r, column u, and column w through column y. Non-certified PEOs and third-party payers of sick pay as agents for the employer must consolidate and include on line 8 any amounts for clients that aren't reported individually on Schedule R.

**Line 9.** Enter the totals of lines 6, 7, and 8 for column c through column l, column n through column r, column u, and column w through column y. The totals on line 9 must match the totals on the aggregate Form 941. If the totals don't match, there is an error that must be corrected before filing Form 941 and Schedule R.

### **Continuation Sheet for Schedule R (Form 941)**

**Columns a through y.** See the instructions under [Completing Schedule R](#), earlier.

**Line 9.** Enter the subtotals for clients from lines 1 through 8 for column c through column l, column n through column r, column u, and column w through column y.

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## **Paperwork Reduction Act Notice**

We ask for the information on Schedule R to carry out the Internal Revenue laws of the United States. You're required to give us this 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 R will vary depending on individual circumstances. The estimated burden for filing Schedule R is approved under OMB control number 1545-0029 and is included in the estimates shown in the Instructions for Form 941.

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