



CORRECTING A W-2: FROM W-2C TO 941-X AND MORE NOVEMBER 9, 2017

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Correcting a W-2: From W-2c to 941-X and More

Employee Request Forms

- Devise a form for employees to complete, sign, and date
- Include a schedule of when forms will be processed
- Separate forms for replacements and corrections
- **Corrections:**
 - Have employee indicate what he/she thinks is wrong
 - Have employee attach supporting documents such as a copy of Form W-2 and last pay statement

Form W-2 Replacements

- **Wrong address and it comes back**
 - Make a copy of the returned envelope for proof of original mailing and incorrect address notice from Post Office – keep it with the rest of your year-end documents
 - Put the original Form W-2 and returned envelope in a new envelope with new address
 - Does not require a Form W-2c
- **Completely lost**
 - Reprint, indicate “Reissued Statement” on the top of the paper Form W-2 copies given to the employee – not required by IRS but a good practice
 - You’re allowed to charge for this! (as well as replacements for prior year Forms W-2)

Corrected Form W-2 but not Form W-2c

- Issued before Forms W-2 are filed with the government, and assumes that you can change the electronic file that will be submitted to the Social Security Administration
- Write “Corrected” on the top of the paper Form W-2 copies
- Form 941-X may be required

Form W-2c

- Boxes a-d and h-i are mandatory; Boxes e-g use when applicable
- **Can’t correct federal/state/local income tax withholding**
 - Exception: an administrative error – such as withheld \$500, but reported \$600, and now must correct Form W-2 to reflect what actually was withheld
- **Refunds to employees**
 - You may refund FICA, but not FIT/SIT/LIT
 - You can request refund of employer FICA on Form 941-X
- **Box review**
 - Just complete boxes (as reported, as corrected) for anything you are correcting
 - Don’t zero-fill other boxes
 - Box 12 codes – indicate code letter

- **Only changing state or local data**
 - Do not send Form W-2c to the Social Security Administration. SSA has no need to see it, and it just adds to the processing load.
 - You can correct wages but not taxes, unless it's an administrative error (see Exception above)

Form W-3c

- Form W-3c is required to be filed with any submission of paper Form(s) W-2c
- Boxes a-e are mandatory; Box f is optional; Box g is for correcting state/local info; Boxes h-j use when applicable
- **Box review**
 - Just complete boxes (as reported, as corrected) for anything you are correcting – this is a summary of all Forms W-2c being submitted with a given Form W-3c
 - Don't zero-fill other boxes
 - Box 12a is for deferred compensation. Enter only the total of codes D-H, S, Y, AA, BB, and EE; don't enter code letters.
- **Explain decreases – keep it simple!**
 - If many different reasons, use a different Form W-3c for each batch/reason
- **“Has adjustment been made... ?”**
 - Check a box
 - If “yes,” indicate date of Form 941-X on which you take the adjustment

Form 941-X

- **Stand-alone form** – do not attach to Form 941 or Form 843
- **One Form 941-X for each Form 941 to be corrected**
 - If you are correcting both under-reported and over-reported amounts for the same tax period, use a single Form 941-X to report both.
- **Deadlines**
 - If you are correcting an under-reported tax, Form 941-X must be filed by the due date of Form 941 for the period in which the error was discovered.
 - If you are correcting an over-reported tax, Form 941-X is due before the period of limitations expires (within 3 years of the date the original Form 941 was filed or 2 years from the date you paid the tax, whichever is later).
 - **Important!** The adjustment process cannot be used in the last 90 days of a period of limitations. The claim process must be used to receive a refund.
- **When to complete Form 941-X**
 - If no money is involved, Form 941-X is not needed (i.e., change of name, social security number, Box 10, Box 12 codes, state or local wages)
 - If changing federal wages and taxes – do it!
- **Box review**
 - Mandatory data: name, FEIN, address, return correcting information, date error discovered
 - Period corrected is not the period when you discovered the error, but the period in which the error took place.

- **Part 1 – Select process**
 - Two processes to choose from:
 - **Adjustment process** is used to apply a credit (over-reporting) to your next Form 941 or report an underpayment
 - **Claim process** is used to file for a refund (Form 843 not required)
 - Form and instructions contain a chart and several examples to help with choosing and completing appropriate process
- **Part 2 – Certifications**
 - Line 3 – Check regardless of whether you are completing a Form W-2c
 - Line 4 – Use if you selected adjustment process in Part 1
 - Line 5 – Use if you selected claim process in Part 1
 - Difference between lines 5a and 5b is whether or not you have already refunded FICA taxes to the employee. If you have already refunded the employee, use 5a
 - Lines 4b and 5c are used when you are unable to obtain a written agreement from the employee and, therefore, can only request a refund of the employer portion of the FICA taxes
 - Lines 4c and 5d are for administrative errors
- **Part 3 – Box review**
 - Just complete boxes (as reported, as corrected) for anything you are correcting
 - Don't zero-fill other boxes
 - **Caution!** Be sure to use the appropriate tax rates for the year being corrected (2011 and 2012 had a lower tax rate for social security)
 - Use Form W-3c for increase/ (decrease) in wage amounts
 - Use a minus sign for negative numbers
- **Part 4 – Explanation**
 - Keep it simple; match Form W-3c explanation with a little more detail

Where do you get the forms?

- Social Security Administration's Business Services Online
 - <http://www.socialsecurity.gov/bsowelcome.htm>
 - Create, store, and electronically file with Social Security Administration up to five forms at a time
 - Print copies for employees and state/local filing
 - Can't use it for forms correcting only state/local information
- Internal Revenue Service
 - www.irs.gov
 - Search under Forms & Pubs
- American Payroll Association's fill-in and print Forms W-2c, W-3c, and 941-X
 - <http://www.americanpayroll.org/members/forms-pubs/forms-pubs-info/>
 - Fill-in pdf; print out all copies, save paper copies as cannot save pdf
 - Member benefit!

Form W-2c Checklist

- Employee info
- Source error documentation
- Correction resolution
- Journal entries

Examples:

A. Change of Name or Social Security Number

- Example: Sheila Fortune
- Generally one Form W-2c will suffice for multiple years.
- **Complete Boxes a, b, c, d, e, f, h, and i.**
- Form 941-X not required.
- Don't forget you need a Form W-3c!

Form W-2c:

DO NOT CUT, FOLD, OR STAPLE THIS FORM

44444		For Official Use Only ▶ OMB No. 1545-0008	
a Employer's name, address, and ZIP code ABC Corporation 1313 Mockingbird Lane Munster, MA 01821		c Tax year/Form corrected xxxx / W-2	d Employee's correct SSN 123-45-6789
		e Corrected SSN and/or name (Check this box and complete boxes f and/or g if incorrect on form previously filed.) <input checked="" type="checkbox"/>	
		Complete boxes f and/or g only if incorrect on form previously filed ▶	
		f Employee's previously reported SSN 132-45-6789	
b Employer's Federal EIN 04-1234567		g Employee's previously reported name Sheila Fortune	
		h Employee's first name and initial Sheila	Last name Fortune
		Suff. 8 Cookie Lane Bakersville, MA 01944	
Note. Only complete money fields that are being corrected (exception: for corrections involving MQGE, see the General Instructions for Forms W-2 and W-3, under Specific Instructions for Form W-2c, boxes 5 and 6).			
		i Employee's address and ZIP code	

Form W-3c:

55555		a Tax year/Form corrected xxxx / W-2		For Official Use Only ▶ OMB No. 1545-0008	
b Employer's name, address, and ZIP code ABC Corporation 1313 Mockingbird Lane Munster, MA 01821		c Kind of Payer (Check one) 941/941-SS <input checked="" type="checkbox"/> Military <input type="checkbox"/> 943 <input type="checkbox"/> 944 <input type="checkbox"/> CT-1 <input type="checkbox"/> Hshld. emp. <input type="checkbox"/> Medicare govt. emp. <input type="checkbox"/>		Kind of Employer (Check one): None apply <input checked="" type="checkbox"/> 501c non-govt. <input type="checkbox"/> State/local non-501c <input type="checkbox"/> State/local 501c <input type="checkbox"/> Federal govt. <input type="checkbox"/>	
				Third-party sick pay <input type="checkbox"/> (Check if applicable)	
d Number of Forms W-2c 1	e Employer's Federal EIN 04-1234567	f Establishment number	g Employer's state ID number		

Under penalties of perjury, I declare that I have examined this return, including accompanying documents, and, to the best of my knowledge and belief, it is true, correct, and complete.		
Signature ▶ <i>Ebenezer Dickens</i>	Verified by PDFfiller 02/20/2017	Controller
		Date ▶ 02/20/2017
Employer's contact person Joanne Martin	Employer's telephone number 978-858-8371	For Official Use Only
Employer's fax number 978-858-8140	Employer's email address JMartin@ABCCorp.com	

B. Refunding Over-Collected Social Security and Medicare Tax

- Example: Dwight Ellis
- May require Form 941-X.

Dwight Ellis - Over Collected Social Security and Medicare From Manual Check

Payroll produced a manual check that included pretax medical insurance under a section 125 cafeteria plan. When calculating the social security tax and Medicare tax withholding, Payroll did not deduct the pretax medical insurance from gross wages for social security and Medicare taxable wages thus over collecting the taxes.

12/31/20XX Pay Check		20XX - Form W-2		Less: Pretax Medical Insurance	20XX - Form W-2c
Salary	1,500.00	Box 1	41,606.78	N/A	41,606.78
		Box 2	6,983.36	N/A	6,983.36
Medical - pretax	35.00	Box 3	44,710.14	(35.00)	44,675.14
		Box 4	1,877.83	(2.17)	1,875.66
FITW	253.84	Box 5	44,710.14	(35.00)	44,675.14
SS	93.00	Box 6	648.30	(0.51)	647.79
Med	21.75	Box 16	41,606.78	N/A	41,606.78
SITW	84.59	Box 17	2,102.50	N/A	2,102.50
Net Pay	1,011.82				
FIT Wages	1,465.00				
SS Wages	1,500.00				
Med Wages	1,500.00				
SIT Wages	1,465.00				

- **Form W-2c – Complete Boxes a-d, h-i, Lines 3-4 (col. 1 & 2).**

44444		For Official Use Only ▶ OMB No. 1545-0008	
a Employer's name, address, and ZIP code ABC Corporation 1313 Mockingbird Lane Munster, MA 01821		c Tax year/Form corrected xxxx / W-2	d Employee's correct SSN 123-45-6789
		e Corrected SSN and/or name (Check this box and complete boxes f and/or g if incorrect on form previously filed.) <input checked="" type="checkbox"/>	
		Complete boxes f and/or g only if incorrect on form previously filed ▶	
		f Employee's previously reported SSN	
b Employer's Federal EIN 04-1234567		g Employee's previously reported name	
		h Employee's first name and initial Dwight	Last name Ellis
		29 Huntington Avenue Boston, MA 02118	
Note. Only complete money fields that are being corrected (exception: for corrections involving MQGE, see the General Instructions for Forms W-2 and W-3, under Specific Instructions for Form W-2c, boxes 5 and 6).		i Employee's address and ZIP code	
Previously reported		Correct information	
1 Wages, tips, other compensation	1 Wages, tips, other compensation	2 Federal income tax withheld	2 Federal income tax withheld
3 Social security wages	3 Social security wages	4 Social security tax withheld	4 Social security tax withheld
44710.14	44675.14	1877.83	1875.66
5 Medicare wages and tips	5 Medicare wages and tips	6 Medicare tax withheld	6 Medicare tax withheld
44710.14	44675.14	648.30	647.79

• **Form W-3c – Complete Boxes a-e, Lines 3-4 (col. 1 & 2), explanations.**

55555		a Tax year/Form corrected _xxxx_ / W-2		For Official Use Only ▶ OMB No. 1545-0008	
b Employer's name, address, and ZIP code ABC Corporation 1313 Mockingbird Lane Munster, MA 01821		c Kind of Payer (Check one) 941/941-SS <input checked="" type="checkbox"/> Military <input type="checkbox"/> 943 <input type="checkbox"/> 944 <input type="checkbox"/> CT-1 <input type="checkbox"/> Hshld. emp. <input type="checkbox"/> Medicare govt. emp. <input type="checkbox"/>		Kind of Employer (Check one) None apply <input checked="" type="checkbox"/> 501c non-govt. <input type="checkbox"/> State/local non-501c <input type="checkbox"/> State/local 501c <input type="checkbox"/> Federal govt. <input type="checkbox"/>	
d Number of Forms W-2c 1		e Employer's Federal EIN 04-1234567		f Establishment number	
g Employer's state ID number		h Employer's originally reported Federal EIN		i Incorrect establishment number	
Complete boxes h, i, or j only if incorrect on last form filed.		j Employer's incorrect state ID number			
Total of amounts previously reported as shown on enclosed Forms W-2c.		Total of corrected amounts as shown on enclosed Forms W-2c.		Total of amounts previously reported as shown on enclosed Forms W-2c.	
1 Wages, tips, other compensation		1 Wages, tips, other compensation		2 Federal income tax withheld	
3 Social security wages 44710.14		3 Social security wages 44675.14		4 Social security tax withheld 1877.83	
5 Medicare wages and tips 44710.14		5 Medicare wages and tips 44675.14		6 Medicare tax withheld 648.30	
				2 Federal income tax withheld 1875.66	
				6 Medicare tax withheld 647.79	

Explain decreases here: Pretax deduction not taken in calculation of taxable wages. Taxes were over withheld.		
Has an adjustment been made on an employment tax return filed with the Internal Revenue Service? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
If "Yes," give date the return was filed ▶ xx/xx/xxxx		
Under penalties of perjury, I declare that I have examined this return, including accompanying documents, and, to the best of my knowledge and belief, it is true, correct, and complete.		
Signature ▶ <i>Ebenezer Dickens</i>		Date ▶ 02/20/2017
Employer's contact person Joanne Martin	Employer's telephone number 978-858-8371	For Official Use Only
Employer's fax number 978-858-8140	Employer's email address JMartin@ABCCorp.com	

- **When to complete Form 941-X**
 - If no money is involved, Form 941-X is not needed (i.e., change of name, social security number, Box 10, Box 12 codes, state or local wages)
 - If changing federal wages and taxes – do it!
 - Period corrected is not the period when you discovered the error, but the period in which the error took place
- **Part 1 – Select Process**
 - **Adjustment process** is used to apply a credit (over-reporting) to your next Form 941. Complicates audit trail – have to remember to take credit on next Form 941.
 - **Claim process** is used to file for a refund (Form 843 not required). Makes for cleaner audit trail.

Form **941-X: Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund**
 (Rev. April 2015) Department of the Treasury — Internal Revenue Service OMB No. 1545-0029

Employer identification number (EIN)	<input type="text" value="0"/> <input type="text" value="4"/> - <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="7"/>
Name (not your trade name)	<input type="text" value="ABC Corporation"/>
Trade name (if any)	<input type="text"/>
Address	<input type="text" value="1313 Mockingbird Lane"/>
	Number Street Suite or room number
	<input type="text" value="Munster"/> <input type="text" value="MA"/> <input type="text" value="01821"/>
	City State ZIP code
	<input type="text"/> <input type="text"/> <input type="text"/>
	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 three pages. Do not attach this form to Form 941 or 941-SS.

Part 1: Select ONLY one process. See page 4 for additional guidance.

1. **Adjusted employment tax return.** Check this box if you underreported amounts. Also check this box if you overreported amounts and you would like to use the adjustment process to correct the errors. You must check this box if you are correcting both underreported and overreported amounts on this form. The amount shown on line 20, 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 are filing this form.

2. **Claim.** Check this box if you overreported amounts only and you would like to use the claim process to ask for a refund or abatement of the amount shown on line 20. Do not check this box if you are correcting ANY underreported amounts on this form.

Return You Are Correcting ...

Check the type of return you are correcting:

941

941-SS

Check the ONE quarter you are 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 are correcting:

(YYYY)

Enter the date you discovered errors:

/ /

(MM / DD / YYYY)

• **Part 2 – Certifications**

- Line 3 – Check regardless of completing a Form W-2c
- Line 4 – Use if you selected adjustment process in Part 1
- Line 5 – Use if you selected claim process in Part 1
- Difference between Lines 5a and 5b is whether or not you have already refunded FICA taxes to the employee. If you have already refunded the employee, use 5b
- Lines 4b and 5c are used when you are unable to obtain a written agreement from the employee and, therefore, can only request a refund of the employer portion of the FICA taxes

Part 2: Complete the certifications.

3. I certify that I have 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 are correcting underreported amounts only, go to Part 3 on page 2 and skip lines 4 and 5. If you are correcting overreported amounts, for purposes of the certifications on lines 4 and 5, Medicare tax does not include Additional Medicare Tax. Form 941-X cannot be used to correct overreported amounts of Additional Medicare Tax unless the amounts were not withheld from employee wages or an adjustment is being made for the current year.

4. If you checked line 1 because you are adjusting overreported amounts, 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 has not claimed (or the claim was rejected) and will not 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 could not find the affected employees or each affected employee did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not 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 did not withhold from employee wages.

5. If you checked line 2 because you are claiming a refund or abatement of overreported employment taxes, 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 has not claimed (or the claim was rejected) and will not 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 has not claimed (or the claim was rejected) and will not 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 could not find the affected employees; or each affected employee did not 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 did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not 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 did not withhold from employee wages.

• **Part 3 – Box review**

- Just complete boxes at top of form and Line 8
- Don't zero-fill other boxes
- Use Form W-3c for increase/ (decrease) in wage amounts
- Use a minus sign for negative numbers
- Column 1 is correct wages for the period
- Column 2 is wages previously reported from the Form 941 for the period being corrected
- Column 3 is the net of Column 1 minus Column 2. Column 4 is the correction to the tax liability.
 - For FICA taxes, use rates shown if correcting both employee and employer share.
 - If correcting employer share of FICA only, use rates noted with asterisk.

Name (not your trade name)	Employer identification number (EIN)	Correcting quarter <u>4</u> (1, 2, 3, 4)
ABC Corporation	04-1234567	Correcting calendar year (YYYY) xxxx

Part 3: Enter the corrections for this quarter. If any line does not apply, leave it blank.

	Column 1 <i>Total corrected amount (for ALL employees)</i>	Column 2 <i>Amount originally reported or as previously corrected (for ALL employees)</i>	Column 3 <i>Difference (If this amount is a negative number, use a minus sign.)</i>	Column 4 <i>Tax correction</i>
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)	44675 . 14	44710 . 14	-35 . 00	x .124* = -4 . 34
*If you are correcting a 2011 or 2012 return, use .104. If you are correcting your employer share only, use .062. See instructions.				
9. Taxable social security tips (Form 941 or 941-SS, line 5b, Column 1)	.	.	.	x .124* = .
*If you are correcting a 2011 or 2012 return, use .104. If you are correcting your employer share only, use .062. See instructions.				
10. Taxable Medicare wages and tips (Form 941 or 941-SS, line 5c, Column 1)	44675 . 14	44710 . 14	-35 . 00	x .029* = -1 . 02
*If you are correcting your employer share only, use .0145. See instructions.				
11. Taxable wages & tips subject to Additional Medicare Tax withholding (Form 941 or 941-SS, line 5d; only for quarters beginning after December 31, 2012)	.	.	.	x .009* = .
*Certain wages and tips reported in Column 3 should not be multiplied by .009. See instructions.				

18.	Combine the amounts on lines 7–17 of Column 4	-5 . 36
19a. COBRA premium assistance payments (see instructions)	. - . = .	See instructions
19b. Number of individuals provided COBRA premium assistance (see instructions)	. - . = .	
20. Total. Combine the amounts on lines 18 and 19a of Column 4		-5 . 36

If line 20 is less than zero:

- If you checked line 1, this is the amount you want applied as a credit to your Form 941 for the tax period in which you are filing this form. (If you are currently filing a Form 944, Employer's ANNUAL Federal Tax Return, see the instructions.)
- If you checked line 2, this is the amount you want refunded or abated.

- **Part 4 – Explanation**

- Keep it brief, concise
- Match Form W-3c explanation with a little more detail
- Group like errors together

Name (not your trade name)	Employer identification number (EIN)	Correcting quarter 4 (1, 2, 3, 4)
ABC Corporation	04-1234667	Correcting calendar year (YYYY) xxxx

Part 4: Explain your corrections for this quarter.

- 21. Check here if any corrections you entered on a line include both underreported and overreported amounts. Explain both your underreported and overreported amounts on line 23.
- 22. Check here if any corrections involve reclassified workers. Explain on line 23.
- 23. You must give us a detailed explanation of how you determined your corrections. See the instructions.

Decrease in social security and Medicare taxable wages due to not deducting pretax medical insurance premiums under Section 125 cafeteria plan.
 Tax decrease due to over-collection of social security and Medicare tax. Employee was refunded over-collected taxes.
 Employer obtained representation from the employee that he has not claimed and will not claim a refund for the over-collection.

- **Part 5 – Signature**

- Must be appropriate officer, depending on type of legal entity
- Use of an agent requires a Power of Attorney to be filed with IRS

Part 5: Sign here. You must complete all three pages of this form and sign it.

Under penalties of perjury, I declare that I have filed an original Form 941 or Form 941-SS and that I have examined this adjusted return or claim, including accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

 Sign your name here

Ebenezer Dickens

Print your name here: Ebenezer Dickens

Print your title here: Controller

Date: XX / XX / XXXX

Best daytime phone: 978-858-4587

Paid Preparer Use Only

Check if you are self-employed

Preparer's name:

Preparer's signature:

Firm's name (or yours if self-employed):

Address:

City: State:

PTIN:

Date:

EIN:

Phone:

ZIP code:

- **General Ledger Entries**

- Cut a manual check from Accounts Payable. If you run it through your payroll system, it will affect current year tax balances on the current year's Form W-2 and most likely your system will self-adjust and recollect the taxes.
- GL entry for refund check to employee
- GL entry for deposit of IRS check

GL Entries for Refund in Subsequent Year of Overcollected FICA Tax

Example: Dwight Ellis

(entries 1-3 are likely automated; entries 4-5 will be manual)

(figures are rounded to make example easier to read)

1. Pay the employee his wages

(There is actually much more to the GL entries for paying the employee, but we're only going to concern ourselves with the portion related to his FICA tax.)

2. Accrue employer share of FICA tax

3. Pay FICA tax to IRS

4. Refund FICA tax to employee and file 941-X

5. Deposit IRS refund of FICA tax

Salary Expense	
1-2.68	

FICA Tax Liability	
3-5.36	1-2.68
	2-2.68

ER FICA Tax Expense	
2-6.28	4-2.68

Cash	
5-5.36	3-5.36
	4-2.68

Receivable from IRS	
4-5.36	5-5.36

Note that each account ends up with a zero balance, except for:

- salary expense: because the fact that \$2.68 was paid as wages does not change
- cash: the employee ends up with \$2.68 more in cash than he got when first paid

C. Reversing Wages From a Check That Was Never Given to the Employee

- Example: Brian Looney
- Considered an administrative error
- Requires Form 941-X

Brian Looney terminated on 12-12-20xx

However, Payroll wasn't notified until 1-22-20xx, after a check was issued to him in error on 12-31-20xx and after all W-2s had been issued, reflecting that check. His manager returned the 12-31-20xx check to Payroll.

12/31/20xx Pay Check		20XX Form W-2		Less: Voided Ck	20XX Form W-2c
Salary	1,761.46	Box 1	41,606.78	(1,596.08)	40,010.70
		Box 2	6,983.36	(253.84)	6,729.52
Dental	6.21	Box 3	44,710.14	(1,699.83)	43,010.31
Medical	52.34	Box 4	1,877.83	(105.39)	1,772.44
Vision	3.08	Box 5	44,710.14	(1,699.83)	43,010.31
401(k)	103.75	Box 6	648.30	(24.65)	623.65
		Box 12 (D)	3,103.36	(103.75)	2,999.61
FITW	253.84	Box 16	41,606.78	(1,596.08)	40,010.70
SS	105.39	Box 17	2,102.50	(84.59)	2,017.91
Med	24.65				
SITW	84.59				
Net Pay	1,127.61				
FIT Wages	1,596.08				
SS Wages	1,699.83				
Med Wages	1,699.83				
SIT Wages	1,596.08				

- **Form W-2c – Complete Boxes a, b, c, d, h, i, Lines 1-6, 12a, and 15-17 (col. 1 & 2).**

44444		For Official Use Only ▶ OMB No. 1545-0008	
a Employer's name, address, and ZIP code ABC Corporation 1313 Mockingbird Lane Munster, MA 01821		c Tax year/Form corrected xxxx / W-2	d Employee's correct SSN 123-45-6789
		e Corrected SSN and/or name (Check this box and complete boxes f and/or g if incorrect on form previously filed.) <input type="checkbox"/>	
		Complete boxes f and/or g only if incorrect on form previously filed ▶	
b Employer's Federal EIN 04-1234567		g Employee's previously reported name	
Note. Only complete money fields that are being corrected (exception: for corrections involving MQGE, see the General Instructions for Forms W-2 and W-3, under Specific Instructions for Form W-2c, boxes 5 and 6).		h Employee's first name and initial Brian	Last name Looney
		Suff. 27 Foghorn Street Leghorn, MA 01844	
i Employee's address and ZIP code			
Previously reported		Correct information	
1 Wages, tips, other compensation 41606.78	1 Wages, tips, other compensation 40010.70	2 Federal income tax withheld 6983.36	2 Federal income tax withheld 6729.52
3 Social security wages 4471014	3 Social security wages 43010.31	4 Social security tax withheld 1877.83	4 Social security tax withheld 1772.44
5 Medicare wages and tips 44710.14	5 Medicare wages and tips 43010.31	6 Medicare tax withheld 648.30	6 Medicare tax withheld 623.65

State Correction Information			
Previously reported	Correct information	Previously reported	Correct information
15 State MA Employer's state ID number 04-1234567	15 State MA Employer's state ID number 04-1234567	15 State Employer's state ID number	15 State Employer's state ID number
16 State wages, tips, etc. 41606.78	16 State wages, tips, etc. 40010.70	16 State wages, tips, etc.	16 State wages, tips, etc.
17 State income tax 2102.50	17 State income tax 2017.91	17 State income tax	17 State income tax
Locality Correction Information			
Previously reported	Correct information	Previously reported	Correct information
18 Local wages, tips, etc.	18 Local wages, tips, etc.	18 Local wages, tips, etc.	18 Local wages, tips, etc.
19 Local income tax	19 Local income tax	19 Local income tax	19 Local income tax
20 Locality name	20 Locality name	20 Locality name	20 Locality name

• Form W-3c- Complete Boxes a-e, Lines 1-6, 12a, 16-17 (col. 1 & 2), explanations

55555		a Tax year/Form corrected XXXX / W-2		For Official Use Only ▶ OMB No. 1545-0008			
b Employer's name, address, and ZIP code ABC Corporation 1313 Mockingbird Lane Munster, MA 01821			c Kind of Payer (Check one) 941/941-SS <input checked="" type="checkbox"/> Military <input type="checkbox"/> 943 <input type="checkbox"/> 944 <input type="checkbox"/> CT-1 <input type="checkbox"/> Hshld. emp. <input type="checkbox"/> Medicare gov. emp. <input type="checkbox"/>		Kind of Employer (Check one) None apply <input checked="" type="checkbox"/> 501c non-govt. <input type="checkbox"/> State/local non-501c <input type="checkbox"/> State/local 501c <input type="checkbox"/> Federal govt. <input type="checkbox"/>		Third-party sick pay <input type="checkbox"/> (Check if applicable)
d Number of Forms W-2c 1	e Employer's Federal EIN 04-1234567	f Establishment number		g Employer's state ID number 04-1234567			
Complete boxes h, i, or j only if incorrect on last form filed.		h Employer's originally reported Federal EIN		i Incorrect establishment number		j Employer's incorrect state ID number	
Total of amounts previously reported as shown on enclosed Forms W-2c.		Total of corrected amounts as shown on enclosed Forms W-2c.		Total of amounts previously reported as shown on enclosed Forms W-2c.		Total of corrected amounts as shown on enclosed Forms W-2c.	
1 Wages, tips, other compensation 41606.78	1 Wages, tips, other compensation 40010.70	2 Federal income tax withheld 6983.36		2 Federal income tax withheld 6729.52			
3 Social security wages 44710.14	3 Social security wages 43010.31	4 Social security tax withheld 1877.83		4 Social security tax withheld 1772.44			
5 Medicare wages and tips 44710.14	5 Medicare wages and tips 43010.31	6 Medicare tax withheld 648.30		6 Medicare tax withheld 623.65			
7 Social security tips	7 Social security tips	8 Allocated tips		8 Allocated tips			
9	9	10 Dependent care benefits		10 Dependent care benefits			
11 Nonqualified plans	11 Nonqualified plans	12a Deferred compensation 3103.36		12a Deferred compensation 2999.61			
14 Inc. tax w/h by third-party sick pay payer	14 Inc. tax w/h by third-party sick pay payer	12b		12b			
16 State wages, tips, etc. 41606.78	16 State wages, tips, etc. 40010.70	17 State income tax 2102.50		17 State income tax 2017.91			
Explain decreases here: Amounts reported were based on a paycheck that was issued but never delivered to the employee.							
Has an adjustment been made on an employment tax return filed with the Internal Revenue Service? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No							
If "Yes," give date the return was filed ▶ xx/xx/xxxx							
Under penalties of perjury, I declare that I have examined this return, including accompanying documents, and, to the best of my knowledge and belief, it is true, correct, and complete.							
Signature ▶ Ebenezer Dickens		Verified by PDFfiller 02/20/2017		Controller		Date ▶ 02/20/2017	
Employer's contact person Joanne Martin		Employer's telephone number 978-858-8371		For Official Use Only			
Employer's fax number 978-858-8140		Employer's email address JMartin@ABCCorp.com					

Form **W-3c** (Rev. 11-2015)

Transmittal of Corrected Wage and Tax Statements

Department of the Treasury
Internal Revenue Service

- **Form 941-X**
 - If no money is involved, Form 941-X is not needed (i.e., change of name, social security number, Box 10, Box 12 codes, state or local wages)
 - If changing federal wages and taxes – do it!
 - Period corrected is not the period when you discovered the error, but the period in which the error took place

- **Part 1 – Select process**
 - **Adjustment process** or **Claim process**

Form **941-X: Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund**
 (Rev. April 2015) Department of the Treasury – Internal Revenue Service OMB No. 1545-0029

Employer identification number (EIN)	<input type="text" value="0"/>	<input type="text" value="4"/>	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>	<input type="text" value="6"/>	<input type="text" value="7"/>
Name (not your trade name)	<input type="text" value="ABC Corporation"/>								
Trade name (if any)	<input type="text"/>								
Address	<input type="text" value="1313 Mockingbird Lane"/>								
	Number	Street							Suite or room number
	<input type="text" value="Munster"/>			<input type="text" value="MA"/>		<input type="text" value="01821"/>			
	City			State		ZIP code			
	<input type="text"/>			<input type="text"/>		<input type="text"/>			
	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 three pages. Do not attach this form to Form 941 or 941-SS.

Part 1: Select ONLY one process. See page 4 for additional guidance.

<input type="checkbox"/>	1. Adjusted employment tax return. Check this box if you underreported amounts. Also check this box if you overreported amounts and you would like to use the adjustment process to correct the errors. You must check this box if you are correcting both underreported and overreported amounts on this form. The amount shown on line 20, 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 are filing this form.
<input checked="" type="checkbox"/>	2. Claim. Check this box if you overreported amounts only and you would like to use the claim process to ask for a refund or abatement of the amount shown on line 20. Do not check this box if you are correcting ANY underreported amounts on this form.

Return You Are Correcting ...

Check the type of return you are correcting:

941

941-SS

Check the ONE quarter you are 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 are correcting:

(YYYY)

Enter the date you discovered errors:

/ /

(MM / DD / YYYY)

- **Part 2 – Certifications**

- Line 3 and Line 5 – Check 5d - **This is considered an administrative error!**

Part 2: Complete the certifications.

3. I certify that I have 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 are correcting underreported amounts only, go to Part 3 on page 2 and skip lines 4 and 5. If you are correcting overreported amounts, for purposes of the certifications on lines 4 and 5, Medicare tax does not include Additional Medicare Tax. Form 941-X cannot be used to correct overreported amounts of Additional Medicare Tax unless the amounts were not withheld from employee wages or an adjustment is being made for the current year.

4. If you checked line 1 because you are adjusting overreported amounts, 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 has not claimed (or the claim was rejected) and will not 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 could not find the affected employees or each affected employee did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not 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 did not withhold from employee wages.

5. If you checked line 2 because you are claiming a refund or abatement of overreported employment taxes, 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 has not claimed (or the claim was rejected) and will not 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 has not claimed (or the claim was rejected) and will not 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 could not find the affected employees; or each affected employee did not 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 did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not 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 did not withhold from employee wages.

• **Part 3 – Box review**

- Use Form W-3c for increase/(decrease) in wage amounts
- Column 1 is correct wages for the period
- Column 2 is wages previously reported from the Form 941 of the period being corrected
- Column 3 is the net of Column 1 minus Column 2. Use a minus sign for negative numbers
- Column 4 is the correction to the tax liability. Use rates shown as you are correcting both employee and employer share

Name (not your trade name)	Employer identification number (EIN)	Correcting quarter 4 (1, 2, 3, 4)
ABC Corporation	04-1234567	Correcting calendar year (YYYY) xxxx

Part 3: Enter the corrections for this quarter. If any line does not apply, leave it blank.

	Column 1 <i>Total corrected amount (for ALL employees)</i>	Column 2 <i>Amount originally reported or as previously corrected (for ALL employees)</i>	Column 3 <i>Difference (If this amount is a negative number, use a minus sign.)</i>	Column 4 <i>Tax correction</i>
6. Wages, tips and other compensation (Form 941, line 2)	40010 . 70	41606 . 78	= -1596 . 08	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)	6729 . 52	6983 . 36	= -253 . 84	Copy Column 3 here ▶ -253 . 84
8. Taxable social security wages (Form 941 or 941-SS, line 5a, Column 1)	43010 . 31	44710 . 14	= -1699 . 83	$\times .124^* = -210 . 78$
9. Taxable social security tips (Form 941 or 941-SS, line 5b, Column 1)	.	.	= .	$\times .124^* = .$
10. Taxable Medicare wages and tips (Form 941 or 941-SS, line 5c, Column 1)	43010 . 31	44710 . 14	= -1699 . 83	$\times .029^* = -49 . 30$

*If you are correcting a 2011 or 2012 return, use .104. If you are correcting your employer share only, use .062. See instructions.
*If you are correcting your employer share only, use .0145. See instructions.

18. Combine the amounts on lines 7–17 of Column 4	-513 . 92
19a. COBRA premium assistance payments (see instructions)	.
19b. Number of individuals provided COBRA premium assistance (see instructions)	.
20. Total. Combine the amounts on lines 18 and 19a of Column 4	-513 . 92

If line 20 is less than zero:

- If you checked line 1, this is the amount you want applied as a credit to your Form 941 for the tax period in which you are filing this form. (If you are currently filing a Form 944, Employer’s ANNUAL Federal Tax Return, see the instructions.)
- If you checked line 2, this is the amount you want refunded or abated.

If line 20 is more than zero, this is the amount you owe. Pay this amount by the time you file this return. For information on how to pay, see *Amount You Owe* in the instructions.

- **Part 4 – Explanation**
 - Keep it brief, concise
 - Match Form W-3c explanation

Name (not your trade name)	Employer identification number (EIN)	Correcting quarter 4 (1, 2, 3, 4)
ABC Corporation	04-1234667	Correcting calendar year (YYYY) xxxx

Part 4: Explain your corrections for this quarter.

- 21. Check here if any corrections you entered on a line include both underreported and overreported amounts. Explain both your underreported and overreported amounts on line 23.
- 22. Check here if any corrections involve reclassified workers. Explain on line 23.
- 23. You must give us a detailed explanation of how you determined your corrections. See the instructions.

Decrease in taxable wages due to cancelled paycheck for terminated employee. Employee not entitled to wages.

- **Part 5 – Signature**
 - Must be appropriate officer, depending on type of legal entity
 - Use of an agent requires a Power of Attorney to be filed with IRS

Part 5: Sign here. You must complete all three pages of this form and sign it.

Under penalties of perjury, I declare that I have filed an original Form 941 or Form 941-SS and that I have examined this adjusted return or claim, including accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

 **Sign your name here** 

Print your name here
 Print your title here

Date Best daytime phone

Paid Preparer Use Only Check if you are self-employed

Preparer's name	<input type="text"/>	PTIN	<input type="text"/>
Preparer's signature	<input type="text"/>	Date	<input type="text" value="/ /"/>
Firm's name (or yours if self-employed)	<input type="text"/>	EIN	<input type="text"/>
Address	<input type="text"/>	Phone	<input type="text"/>
City	<input type="text"/>	State	<input type="text"/>
		ZIP code	<input type="text"/>

- **General Ledger entries**
 - GL entry to back out wages
 - GL entry to back out deductions you have a chance of getting back
 - GL entry to set up receivable for expected tax refunds
 - GL entry for deposit of tax refunds

GL Entries for Reversing a Check in Subsequent Year

Example: Brian Looney

(entries 1-4 are likely automated; entries 5-9 will be manual)

(figures are rounded to make example easier to read)

1. Pay the employee his wages
2. Accrue employer share of FICA
3. Pay taxes to IRS and state
4. Pay benefit amounts to health and 401(k) providers
5. Reverse the check
6. Reverse the ER-FICA expense
7. Deposit funds from health and 401(k) providers
8. File 941-X and state equivalent
9. Deposit Fed and State refunds

Salary Expense	
1-1762	5-1762

Health Premium Liability	
4-62	1-62
5-62	7-62

401(k) Liability	
4-104	1-104
5-104	7-104

FITW Liability	
3-254	1-254
5-254	8-254

FICA Liability	
3-260	1-130
5-130	2-130
6-130	8-260

State Liability	
3-85	1-85
5-85	8-85

Cash	
5-1128	1-1128
7-166	3-599
9-599	4-166

ER-FICA Expense	
2-130	6-130

Receivable from IRS	
8-514	9-514

Receivable from State	
8-85	9-85

D. Under-Reported Wages From a Manual Check

- Example: Martin McFarland
- Requires Form 941-X

* Martin McFarland did not submit his period ending March 8, 20xx timecard on time for processing in payroll.

* Payroll manually calculated his payroll and issued a manual check for payday on March 15, 20xx.

* Via mid-year W-2 audit process in July 20xx, Payroll discovers that his FICA wages were miscalculated. Martin's FICA taxable wages were decreased for the 401(d) deferral.

	3/15/xx Pay Check	3/15/xx Pay Calculation	Difference
Regular Wages	\$1,808.64	\$1,808.64	0.00
Overtime Wages	<u>\$50.11</u>	<u>\$50.11</u>	<u>0.00</u>
Gross Wages	\$2,059.71	\$2,059.71	0.00
Pretax Dental	\$3.69	\$3.69	0.00
Pretax Medical	\$49.32	\$49.32	0.00
ESPP	\$20.00	\$20.00	0.00
401(k)	<u>\$82.39</u>	<u>\$82.39</u>	<u>0.00</u>
Total Deductions	\$155.40	\$155.40	0.00
FITW	\$259.15	\$259.15	0.00
SS	\$119.43	\$124.54	5.11
Med	\$27.93	\$29.13	1.19
SITW	<u>\$84.87</u>	<u>\$84.87</u>	<u>0.00</u>
Total Taxes	\$491.38	\$497.69	6.30
Net Pay	\$1,412.93	\$1,406.62	(6.30)
GTL	\$2.02	\$2.02	0.00
FIT Wages	\$1,926.33	\$1,926.33	0.00
SS Wages	\$1,926.33	\$2,008.72	82.39
Med Wages	\$1,926.33	\$2,008.72	82.39
SIT Wages	\$1,926.33	\$1,926.33	0.00

- Part 1 – Select claim process

Form **941-X**: Adjusted Employer's **QUARTERLY** Federal Tax Return or Claim for Refund
 (Rev. April 2015) Department of the Treasury – Internal Revenue Service OMB No. 1545-0029

Employer identification number (EIN) 0 4 - 1 2 3 4 5 6 7

Name (not your trade name) ABC Corporation

Trade name (if any)

Address 1313 Mockingbird Lane
 Number Street Suite or room number

Munster MA 01821
 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 three pages. Do not attach this form to Form 941 or 941-SS.

Part 1: Select ONLY one process. See page 4 for additional guidance.

1. Adjusted employment tax return. Check this box if you underreported amounts. Also check this box if you overreported amounts and you would like to use the adjustment process to correct the errors. You must check this box if you are correcting both underreported and overreported amounts on this form. The amount shown on line 20, 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 are filing this form.

2. Claim. Check this box if you overreported amounts only and you would like to use the claim process to ask for a refund or abatement of the amount shown on line 20. Do not check this box if you are correcting ANY underreported amounts on this form.

Return You Are Correcting ...
 Check the type of return you are correcting:
 941
 941-SS

Check the **ONE** quarter you are 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 are correcting:
 xxxx (YYYY)

Enter the date you discovered errors:
 xx / xx / xxxx
 (MM / DD / YYYY)

- Part 2 – Certifications

- Line 3 – only line checked in this section, no refund involved

Part 2: Complete the certifications.

3. I certify that I have 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 are correcting underreported amounts only, go to Part 3 on page 2 and skip lines 4 and 5. If you are correcting overreported amounts, for purposes of the certifications on lines 4 and 5, Medicare tax does not include Additional Medicare Tax. Form 941-X cannot be used to correct overreported amounts of Additional Medicare Tax unless the amounts were not withheld from employee wages or an adjustment is being made for the current year.

4. If you checked line 1 because you are adjusting overreported amounts, 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 has not claimed (or the claim was rejected) and will not 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 could not find the affected employees or each affected employee did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not 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 did not withhold from employee wages.

5. If you checked line 2 because you are claiming a refund or abatement of overreported employment taxes, 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 has not claimed (or the claim was rejected) and will not 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 has not claimed (or the claim was rejected) and will not 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 could not find the affected employees; or each affected employee did not 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 did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not 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 did not withhold from employee wages.

- **Part 3 – Box review**

- Column 1 is correct wages for the period.
- Column 2 is wages previously reported from the Form 941 of the period being corrected.
- Column 3 is the net of Column 1 minus Column 2. Use a minus sign for negative numbers.
- Column 4 is the correction to the tax liability. Use rates shown as you are correcting both employee and employer share.
- Make deposits immediately.

Name (not your trade name) ABC Corporation	Employer identification number (EIN) 04-1234567	Correcting quarter 4 (1, 2, 3, 4)
		Correcting calendar year (YYYY) XXXX

Part 3: Enter the corrections for this quarter. If any line does not 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)	<input type="text"/>	<input type="text"/>	= <input type="text"/>	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)	<input type="text"/>	<input type="text"/>	= <input type="text"/>	Copy Column 3 here ▶ <input type="text"/>
8. Taxable social security wages (Form 941 or 941-SS, line 5a, Column 1)	<input type="text" value="2008 . 72"/>	<input type="text" value="1926 . 33"/>	= <input type="text" value="82 . 39"/>	<input type="text" value="10 . 22"/> × .124* =
<small>*If you are correcting a 2011 or 2012 return, use .104. If you are correcting your employer share only, use .062. See instructions.</small>				
9. Taxable social security tips (Form 941 or 941-SS, line 5b, Column 1)	<input type="text"/>	<input type="text"/>	= <input type="text"/>	× .124* = <input type="text"/>
<small>*If you are correcting a 2011 or 2012 return, use .104. If you are correcting your employer share only, use .062. See instructions.</small>				
10. Taxable Medicare wages and tips (Form 941 or 941-SS, line 5c, Column 1)	<input type="text" value="2008 . 72"/>	<input type="text" value="1926 . 33"/>	= <input type="text" value="82 . 39"/>	× .029* = <input type="text" value="2 . 39"/>
<small>*If you are correcting your employer share only, use .0145. See instructions.</small>				

18. Combine the amounts on lines 7–17 of Column 4				<input type="text" value="12 . 61"/>
19a. COBRA premium assistance payments (see instructions)	<input type="text"/>	<input type="text"/>	= <input type="text"/>	See instructions <input type="text"/>
19b. Number of individuals provided COBRA premium assistance (see instructions)	<input type="text"/>	<input type="text"/>	= <input type="text"/>	
20. Total. Combine the amounts on lines 18 and 19a of Column 4				<input type="text" value="12 . 61"/>

If line 20 is less than zero:

- If you checked line 1, this is the amount you want applied as a credit to your Form 941 for the tax period in which you are filing this form. (If you are currently filing a Form 944, Employer's ANNUAL Federal Tax Return, see the instructions.)
- If you checked line 2, this is the amount you want refunded or abated.

If line 20 is more than zero, this is the amount you owe. Pay this amount by the time you file this return. For information on how to pay, see *Amount You Owe* in the instructions.

- **Part 4 – Explanation**
 - Keep it brief, concise.

Name (not your trade name)	Employer identification number (EIN)	Correcting quarter 1 (1, 2, 3, 4)
ABC Corporation	04-1234667	Correcting calendar year (YYYY) XXXX

Part 4: Explain your corrections for this quarter.

- 21. Check here if any corrections you entered on a line include both underreported and overreported amounts. Explain both your underreported and overreported amounts on line 23.
- 22. Check here if any corrections involve reclassified workers. Explain on line 23.
- 23. You must give us a detailed explanation of how you determined your corrections. See the instructions.

Increase in social security and Medicare taxable wages due to miscalculation of taxable wages on a manual check.
Increase in social security and Medicare taxes due to miscalculation of taxes on a manual check.

Part 5: Sign here. You must complete all three pages of this form and sign it.

Under penalties of perjury, I declare that I have filed an original Form 941 or Form 941-SS and that I have examined this adjusted return or claim, including accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

	Print your name here	Ebenezer Dickens
	Print your title here	Controller
Date	XX /XX /XXXX	Best daytime phone
		978-858-4587

Paid Preparer Use Only

Preparer's name	<input type="text"/>	Check if you are self-employed	<input type="checkbox"/>
Preparer's signature	<input type="text"/>	PTIN	<input type="text"/>
Firm's name (or yours if self-employed)	<input type="text"/>	Date	<input type="text"/>
Address	<input type="text"/>	EIN	<input type="text"/>
City	<input type="text"/>	Phone	<input type="text"/>
	State <input type="text"/>	ZIP code	<input type="text"/>

- **General Ledger Entries**
 - Withhold additional tax from next paycheck.

GL Entries for Undercollection of FICA Taxes Due to Manual Check

Example: Martin McFarland

(entries 1-3 are likely automated; entries 4-5 will be manual)

(figures are rounded to make example easier to read)

1. Pay the employee his wages
(There is actually much more to the GL entries for paying the employee, but we're only going to concern ourselves with the portion related to his FICA tax.)
2. Accrue employer share of Social Security
3. Pay FICA to IRS
4. Correct FICA taxable wages for employee and withhold additional FICA taxes
5. Accrue employer share of Social Security
6. Pay FICA taxes and file 941-X

<table style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Salary Expense</th> <th style="width: 20px;"></th> </tr> <tr> <td style="border-right: 1px solid black; padding: 5px;">1-147</td> <td style="padding: 5px;"></td> </tr> </table>	Salary Expense		1-147		<table style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: left; border-bottom: 1px solid black;">FICA Tax Liability</th> <th style="width: 20px;"></th> </tr> <tr> <td style="border-right: 1px solid black; padding: 5px;">3-294</td> <td style="padding: 5px;">1-147</td> </tr> <tr> <td style="border-right: 1px solid black; padding: 5px;">6-11</td> <td style="padding: 5px;">2-147</td> </tr> <tr> <td style="border-right: 1px solid black; padding: 5px;"></td> <td style="padding: 5px;">4-6</td> </tr> <tr> <td style="border-right: 1px solid black; padding: 5px;"></td> <td style="padding: 5px;">5-6</td> </tr> </table>	FICA Tax Liability		3-294	1-147	6-11	2-147		4-6		5-6
Salary Expense															
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6-11	2-147														
	4-6														
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ER FICA Tax Expense															
2-147															
5-6															
Cash															
	3-294														
	6-12														

Note that each account ends up with a zero balance, except for:
 - salary expense: because the fact that \$147 was paid as wages does not change

E. Late Information, Causing Form W-2 Issues

- Example: Paul Putter
- Requires Form W-2c and Form 941-X

Paul Putter is an executive at ABC Corporation. As an executive he received certain taxable fringe benefits (TFB).

On 2-25-20xx and after all W-2s had been issued, Payroll was notified of the value of his taxable fringe benefits which were not included in his Form W-2. The TFB will be grossed up for all taxes. A Form W-2c and Form 941X are required.

Paul has reached the social security wage limit and lives in a state with no income tax.

	20xx Form W-2	Taxable Fringe Benefit	20xx Form W-2c
Box 1	986,672.89	75,000.00	1,061,672.89
Box 2	315,735.32	24,000.00	339,735.32
Box 5	986,672.89	75,000.00	1,061,672.89
Box 6	21,386.81	1,762.50	23,149.31

1st Form W-2c

44444		For Official Use Only ▶ OMB No. 1545-0008	
a Employer's name, address, and ZIP code ABC Corporation 1313 Mockingbird Lane Munster, MA 01821		c Tax year/Form corrected xxxx / W-2	d Employee's correct SSN 123-45-6789
b Employer's Federal EIN 04-1234567		e Corrected SSN and/or name (Check this box and complete boxes f and/or g if incorrect on form previously filed.) <input type="checkbox"/> Complete boxes f and/or g only if incorrect on form previously filed ▶	
		f Employee's previously reported SSN	
		g Employee's previously reported name	
		h Employee's first name and initial Paul	Last name Putter
Note. Only complete money fields that are being corrected (exception: for corrections involving MQGE, see the General Instructions for Forms W-2 and W-3, under Specific Instructions for Form W-2c, boxes 5 and 6).		i Employee's address and ZIP code 15 Club House Road Greensville, NH 01880	
Previously reported 1 Wages, tips, other compensation 986672.89	Correct information 1 Wages, tips, other compensation 1061672.89	Previously reported 2 Federal income tax withheld 315735.32	Correct information 2 Federal income tax withheld 339735.32
3 Social security wages 986672.89	3 Social security wages 1061672.89	4 Social security tax withheld 21386.81	4 Social security tax withheld 23149.31
5 Medicare wages and tips 986672.89	5 Medicare wages and tips 1061672.89	6 Medicare tax withheld 21386.81	6 Medicare tax withheld 23149.31

NOTE: Remember to file Form W-3c and Form 941-X

Additional Information Received Late

On 4/7/20xx, Payroll is notified of additional taxable wages for Paul's relocation. These wages will be grossed up for all taxes. A second Form W-2c and Form 941-X will be required.

	20xx Form W-2c	Taxable Relocation	20xx Form W-2c
Box 1	1,061,672.89	5,000.00	1,066,672.89
Box 2	339,735.32	1,600.00	341,335.32
Box 5	1,061,672.89	5,000.00	1,066,672.89
Box 6	23,149.31	117.50	23,266.81

2nd Form W-2c

44444		For Official Use Only ▶ OMB No. 1545-0008	
a Employer's name, address, and ZIP code ABC Corporation 1313 Mockingbird Lane Munster, MA 01821		c Tax year/Form corrected xxxx / W-2 C	d Employee's correct SSN 123-45-6789
b Employer's Federal EIN 04-1234567		e Corrected SSN and/or name (Check this box and complete boxes f and/or g if incorrect on form previously filed.) <input type="checkbox"/> Complete boxes f and/or g only if incorrect on form previously filed ▶	
		f Employee's previously reported SSN	
		g Employee's previously reported name	
		h Employee's first name and initial Paul	Last name Putter Suff.
Note. Only complete money fields that are being corrected (exception: for corrections involving MQGE, see the General Instructions for Forms W-2 and W-3, under Specific Instructions for Form W-2c, boxes 5 and 6).		15 Club House Road Greensville, NH 01880	
i Employee's address and ZIP code			
Previously reported	Correct information	Previously reported	Correct information
1 Wages, tips, other compensation 1061672.89	1 Wages, tips, other compensation 1066672.89	2 Federal income tax withheld 339735.32	2 Federal income tax withheld 341335.32
3 Social security wages	3 Social security wages	4 Social security tax withheld	4 Social security tax withheld
5 Medicare wages and tips 1061672.89	5 Medicare wages and tips 1066672.89	6 Medicare tax withheld 23149.31	6 Medicare tax withheld 23266.81

NOTE: Remember to file Form W-3c and Form 941-X. If you have not filed from the first corrections, you can combine.

Form 940

- Redo the return, making changes where appropriate.
- Check the “amended return” box, right above Part I.
- There will definitely be changes to Part 2, Line 3 (gross wages) and possibly on other lines.
- Unlikely that this will affect tax that is due unless there was a change for an employee who earned less than \$7,000 (FUTA wage base).

State Impact

- Every state is different.
- Check your coupon book (amended or corrected annual reconciliation).
- Some states just have you re-file and write “amended” on top of form.
- **Unemployment insurance**
 - Check first if it’s a state that wants gross wages in addition to taxable wages. If not, and the employee exceeded taxable wage base then you don’t have to go any further!
 - Every state is different.
 - Check out which forms the state has for refiling.
- Check out state rules: call or go to websites
<http://www.americanpayroll.org/weblink/statelocal-wider/>