

# Schedule R (Form 941): Allocation Schedule for Aggregate Form 941 Filers

(Rev. January 2017)

Department of the Treasury — Internal Revenue Service

OMB No. 1545-0029

950417

**Employer identification number (EIN)**   -

**Name as shown on Form 941**

**Type of filer** (check one):  Section 3504 Agent  Certified Professional Employer Organization (CPEO)

**Report for calendar year:**

Check the quarter (same as Form 941):

1: January, February, March

2: April, May, June

3: July, August, September

4: October, November, December

Read the instructions before you complete Schedule R. Type or print within the boxes. Complete a separate line for the amounts allocated to each of your clients. The term "client" as used on this form includes the term "customer." See the instructions.

(a) Client's Employer identification number (EIN)	(b) Type of wages, tips, and other compensation (CPEO Use Only)	(c) Wages, tips, and other compensation allocated to the listed client EIN from Form 941, line 2	(d) Federal income tax withheld from wages, tips, and other compensation allocated to the listed client EIN from Form 941, line 3	(e) Total social security and Medicare taxes allocated to the listed client EIN from Form 941, line 5e	(f) Section 3121(q) Notice and Demand-Tax due on unreported tips allocated to the listed client EIN from Form 941, line 5f	(g) Qualified small business payroll tax credit for increasing research activities allocated to the listed client EIN from Form 941, line 11	(h) Total taxes after adjustments and credits allocated to the listed client EIN from Form 941, line 12	(i) Total deposits from Form 941, line 13, plus any payments made with the return allocated to the listed client EIN
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11	Subtotals for clients. Add all amounts on lines 1 through 10	.	.	.	.	.	.	.
12	Enter the combined subtotal from line 24 of all Continuation Sheets for Schedule R	.	.	.	.	.	.	.
13	Enter Form 941 amounts for your employees	.	.	.	.	.	.	.
14	Totals. Add lines 11, 12, and 13. The column totals must match the related lines on the aggregate Form 941.	.	.	.	.	.	.	.

# Continuation Sheet for Schedule R (Form 941)

(Rev. January 2017)

**Employer identification number (EIN)**   -

**Name as shown on Form 941**

**Type of filer** (check one):  Section 3504 Agent  Certified Professional Employer Organization (CPEO)

**Report for calendar year:**

Check the quarter (same as Form 941):

**1:** January, February, March

**2:** April, May, June

**3:** July, August, September

**4:** October, November, December

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(a) Client's Employer identification number (EIN)	(b) Type of wages, tips, and other compensation (CPEO Use Only)	(c) Wages, tips, and other compensation allocated to the listed client EIN from Form 941, line 2	(d) Federal income tax withheld from wages, tips, and other compensation allocated to the listed client EIN from Form 941, line 3	(e) Total social security and Medicare taxes allocated to the listed client EIN from Form 941, line 5e	(f) Section 3121(q) Notice and Demand-Tax due on unreported tips allocated to the listed client EIN from Form 941, line 5f	(g) Qualified small business payroll tax credit for increasing research activities allocated to the listed client EIN from Form 941, line 11	(h) Total taxes after adjustments and credits allocated to the listed client EIN from Form 941, line 12	(i) Total deposits from Form 941, line 13, plus any payments made with the return allocated to the listed client EIN
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23		.	.	.	.	.	.	.
<b>24</b>	<b>Subtotals for clients.</b> Add lines 1 through 23. Include the subtotals from line 24 on line 12 of Schedule R.	.	.	.	.	.	.	.

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 [www.irs.gov/form941](http://www.irs.gov/form941).

### What's New

A certified professional employer organization (CPEO) must attach Schedule R to its aggregate Form 941, Employer's QUARTERLY Federal Tax Return.

## General Instructions

### Purpose of Schedule R

Use Schedule R to allocate the aggregate information reported on Form 941 to each client. For purposes of Schedule R, the term "client" means (a) an "employer or payer" identified on the Form 2678, Employer/Payer Appointment of Agent; (b) a customer who enters into a contract that meets the requirements under section 7705(e)(2); or (c) a client who enters into a service agreement described under Regulations section 31.3504-2(b)(2) with a CPEO. If you have more than 10 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. Visit the IRS website at [www.irs.gov/cpeo](http://www.irs.gov/cpeo) for more information.

### When Must You File?

If you are an aggregate Form 941 filer, file Schedule R with your aggregate Form 941 every quarter. Agents may file Form 941 and Schedule R electronically or by paper submission. CPEOs generally must file Form 941 and Schedule R electronically. For more information about a CPEO's requirement to file electronically, see Rev. Proc. 2017-14, 2017-3 I.R.B. 426, available at [www.irs.gov/irb/2017-03\\_IRB/ar14.html](http://www.irs.gov/irb/2017-03_IRB/ar14.html).

## Specific Instructions

### Completing Schedule R

#### Enter Your Business Information

Carefully enter your 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. Check one of the "Type of filer" boxes to tell us if you are a section 3504 agent or a CPEO.

#### Calendar Year

Enter the calendar year that applies to the quarter checked.

#### Check the Box for the Quarter

Check the appropriate box of the quarter for which you are filing Schedule R. Make sure the quarter checked on the top of the Schedule R matches the quarter checked on the attached Form 941.

#### 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).** Type of wages, tips, and other compensation. 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 three 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 that are paid as an agent under Regulations section 31.3504-1 or a payor under a service agreement described in Regulations section 31.3504-2(b)(2).

**Column c.** Wages, tips, and other compensation allocated to the listed client EIN from Form 941, line 2.

**Column d.** Total income tax withheld from wages, tips, and other compensation allocated to the listed client EIN from Form 941, line 3.

**Column e.** Total social security and Medicare taxes allocated to the listed client EIN from Form 941, line 5e. This amount includes Additional Medicare Tax withholding.

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

**Column g.** Qualified small business payroll tax credit for increasing research activities allocated to the listed client EIN from Form 941, line 11. You must attach a separate Form 8974 for each client claiming this credit.

**Column h.** Total taxes after adjustments and credits allocated to the listed client EIN from Form 941, line 12.

**Column i.** Total deposits from Form 941, line 13, plus any payments made with the return allocated to the listed client EIN.

You must also report the same information for your employees on Schedule R, line 13.

Compare the total of each column on Schedule R, line 14 (including your information on line 13), to the amounts reported on the aggregate Form 941. For each column total of Schedule R, the relevant line from Form 941 is noted in the column heading.

The totals on Schedule R, line 14, must match the totals on Form 941. If the totals don't match, there is an error that must be corrected before submitting Form 941 and Schedule R.

**Paperwork Reduction Act Notice.** We ask for the information on Schedule R to carry out the Internal Revenue laws of the United States. You are required to give us this information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You aren't required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file Schedule R will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** . . . . . 12 hr., 26 min.
- Learning about the law or the form** . . . . . 12 min.
- Preparing, copying, and assembling the form** . . . . . 24 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making Schedule R simpler, we would be happy to hear from you. You can send us comments from [www.irs.gov/formcomment](http://www.irs.gov/formcomment). Or you can send your comments to Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Don't send Schedule R to this address. Instead, see *Where Should You File?* in the Instructions for Form 941.