



Instructions for Schedule R (Form 941)

(Rev. March 2023)

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

Calendar year "2023" has been prepopulated on the March 2023 revision of Schedule R. Don't use the March 2023 revision of Schedule R for any calendar quarter beginning before January 1, 2023. At this time, the IRS expects the March 2023 revision of Schedule R and these instructions to also be used for the second, third, and fourth quarters of 2023. If changes in law require additional changes to Schedule R, the form and/or these instructions may be revised. 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, 2022.



TIP See the Instructions for Form 941 for information on which employers may be eligible to claim the credit for qualified sick and family leave wages paid in 2023.

General Instructions

Purpose of Schedule R

Use Schedule R to allocate certain 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 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 or the credit for qualified sick and family leave wages. 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 one or more of these credits. Amounts for clients not claiming any of these credits are included on Schedule R, page 1, line 8.

Generally, the common-law employer of the individuals that are paid qualified sick or family leave wages is entitled to the credit for qualified sick and family leave wages regardless of whether they use a third-party payer. The third-party payer isn't entitled to the credit with respect to the wages and taxes it remits on behalf of clients (regardless of whether the third party is considered an "employer" for other purposes).

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. 2017-14, 2017-3 I.R.B. 426, available at [IRS.gov/irb/2017-03_IRB#RP-2017-14](https://www.irs.gov/irb/2017-03_IRB#RP-2017-14).

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. 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

Calendar year “2023” has been prepopulated on the March 2023 revision of 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.

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.

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

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

Column f. Total qualified sick leave wages and qualified family leave wages paid this quarter of 2023 for leave taken after March 31, 2020, and before April 1, 2021, allocated to the listed client EIN from Form 941, lines 5a(i) and 5a(ii), column 1.

Column g. Total social security tax allocable to taxable social security wages (which includes qualified sick and family leave wages paid this quarter of 2023 for leave taken after March 31, 2021, and before October 1, 2021) and taxable social security tips allocated to the listed client EIN from Form 941, lines 5a and 5b, column 2.

Column h. Medicare tax allocated to the listed client EIN from Form 941, line 5c, column 2.

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

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

Column l. Nonrefundable portion of the credit for qualified sick and family leave wages paid this quarter of 2023 for leave taken after March 31, 2020, and before April 1, 2021, allocated to the listed client EIN from Form 941, line 11b.

Column m. Nonrefundable portion of the credit for qualified sick and family leave wages paid this quarter of 2023 for leave taken after March 31, 2021, and before October 1, 2021, allocated to the listed client EIN from Form 941, line 11d.

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

Column o. Total deposits for this quarter, including overpayment applied from a prior quarter and overpayments applied from Form 941-X, 941-X (PR), 944-X, or 944-X (SP) filed in the current quarter allocated to the listed client EIN from Form 941, line 13a. Include any payment made with the return allocated to the listed client EIN.

Column p. Refundable portion of the credit for qualified sick and family leave wages paid this quarter of 2023 for leave taken after March 31, 2020, and before April 1, 2021, allocated to the listed client EIN from Form 941, line 13c.

Column q. Refundable portion of the credit for qualified sick and family leave wages paid this quarter of 2023 for leave taken after March 31, 2021, and before October 1, 2021, allocated to the listed client EIN from Form 941, line 13e.

Column r. Qualified health plan expenses allocable to qualified sick leave wages paid this quarter of 2023 for leave taken after March 31, 2020, and before April 1, 2021, allocated to the listed client EIN from Form 941, line 19.

Column s. Qualified health plan expenses allocable to qualified family leave wages paid this quarter of 2023 for leave taken after March 31, 2020, and before April 1, 2021, allocated to the listed client EIN from Form 941, line 20.

Column t. Qualified sick leave wages paid this quarter of 2023 for leave taken after March 31, 2021, and before October 1, 2021, allocated to the listed client EIN from Form 941, line 23.

Column u. Qualified health plan expenses allocable to qualified sick leave wages paid this quarter of 2023 for leave taken after March 31, 2021, and before October 1, 2021, allocated to the listed client EIN from Form 941, line 24.

Column v. Amounts under certain collectively bargained agreements allocable to qualified sick leave wages paid this quarter of 2023 for leave taken after March 31, 2021, and before October 1, 2021, allocated to the listed client EIN from Form 941, line 25.

Column w. Qualified family leave wages paid this quarter of 2023 for leave taken after March 31, 2021, and before October 1, 2021, allocated to the listed client EIN from Form 941, line 26.

Column x. Qualified health plan expenses allocable to qualified family leave wages paid this quarter of 2023 for leave taken after March 31, 2021, and before October 1, 2021, allocated to the listed client EIN from Form 941, line 27.

Column y. Amounts under certain collectively bargained agreements allocable to qualified family leave wages paid this quarter of 2023 for leave taken after March 31, 2021, and before October 1, 2021, allocated to the listed client EIN from Form 941, line 28.

Line 6. Enter the subtotals for clients for column c through column y.

Line 7. Enter the combined subtotal from line 9 of all Continuation Sheets for Schedule R for column c through column y.

Line 8. Enter Form 941 amounts for your employees for column c 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 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 subtotals for clients from lines 1 through 8 for column c through column y.

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 average time is:

Recordkeeping	20 hr., 5 min.
Learning about the law or the form	18 min.
Preparing and sending the form to the IRS	38 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 [IRS.gov/FormComments](https://www.irs.gov/FormComments). 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.