



Instructions for Schedule R (Form 941)

(Rev. March 2022)

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

These instructions were updated for changes made to Form 941 for the first quarter of 2022. Columns m, s, t, and v are "Reserved for future use" because the corresponding lines on Form 941 are "Reserved for future use." 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 2022 and which employers may be eligible to claim the COBRA premium assistance credit in the first quarter of 2022.

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. Visit 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, the credit for qualified sick and family leave wages, or the COBRA premium assistance credit. 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 and/or provided COBRA premium assistance is entitled to the credit for qualified sick and family leave wages and/or the COBRA premium assistance credit, regardless of whether they use a third-party payer. The third-party payer isn't entitled to the credits with respect to the wages and taxes it remits on behalf of clients, or the COBRA premium assistance it remits on behalf of clients (regardless of whether the third party is considered an "employer" for other purposes). However, under an exception to the rule that only the common-law employer is entitled to the COBRA premium assistance credit even if the common-law employer uses a third-party payer, a third-party payer is entitled to the credit if it is treated as the person to whom premiums are payable. A third-party payer is treated as the person to whom premiums are payable if the third-party payer is the entity that pays wages subject to federal employment taxes on behalf of the common-law employer and reports those wages and taxes on an aggregate Form 941 that it files on behalf of the employer, and it:

- Maintains the group health plan;
- Is considered the sponsor of the group health plan and is subject to the applicable Department of Labor COBRA guidance, including providing the COBRA election notices to qualified beneficiaries; and
- Would have received the COBRA premium payments directly from the assistance eligible individuals were it not for the COBRA premium assistance.

If a third-party payer satisfies the above conditions, the third-party payer's clients aren't eligible for the COBRA premium assistance credit. If a third-party payer is considered the person to whom COBRA premiums are payable, as discussed above, the third party must include the applicable credit amount on Schedule R, page 1, column o, line 8, with amounts reported for the third-party payer's employees.

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 "2022" has been prepopulated on the March 2022 revision of Schedule R. Don't use the March 2022 revision of Schedule R for any year before 2022.

Check the Box for the Quarter

Check the first quarter box. The March 2022 revision of Schedule R may only be used for the first quarter of 2022.

Don't use the March 2022 revision of Schedule R for any calendar quarter beginning before January 1, 2022. 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 file an earlier revision of Schedule R for the first quarter of 2022.

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 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 in 2022 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 in 2022 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. Total credit for qualified sick and family leave wages paid in 2022 for leave taken after March 31, 2020, and before April 1, 2021, nonrefundable and refundable portions, allocated to the listed client EIN from Form 941, lines 11b and 13c.

Column n. Total credit for qualified sick and family leave wages paid in 2022 for leave taken after March 31, 2021, and before October 1, 2021, nonrefundable and refundable portions, allocated to the listed client EIN from Form 941, lines 11d and 13e.

Column o. Total COBRA premium assistance credit, nonrefundable and refundable portions, allocated to the listed client EIN from Form 941, lines 11e and 13f.

Column p. Number of individuals provided COBRA premium assistance allocated to the listed client EIN from Form 941, line 11f.

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

Column r. 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 u. Total amount of qualified health plan expenses allocable to qualified sick and family leave wages paid in 2022 for leave taken after March 31, 2020, and before April 1, 2021, allocated to the listed client EIN from Form 941, lines 19 and 20.

Column w. Total amount of qualified sick leave wages paid in 2022 for leave taken after March 31, 2021, and before October 1, 2021, and any amounts under certain collectively bargained agreements allocable to those wages allocated to the listed client EIN from Form 941, lines 23 and 25.

Column x. Total amount of qualified health plan expenses allocable to qualified sick and family leave wages paid in 2022 for leave taken after March 31, 2021, and before October 1, 2021, allocated to the listed client EIN from Form 941, lines 24 and 27.

Column y. Total amount of qualified family leave wages paid in 2022 for leave taken after March 31, 2021, and before October 1, 2021, and any amounts under certain collectively bargained agreements allocable to those wages allocated to the listed client EIN from Form 941, lines 26 and 28.

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. If a third-party payer is considered the person to whom COBRA premiums are payable, as discussed earlier, the third party must include the applicable credit amount and number of individuals provided premium assistance on line 8 with amounts reported for the third-party payer's employees.

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 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.

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.
