

Guidance About Amended 941 Form for Claiming **Employee Retention Credit**

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CLAIM UP TO A \$26,000
REFUND PER EMPLOYEE



GUIDANCE ABOUT AMENDED 941 FORM FOR CLAIMING EMPLOYEE RETENTION CREDIT

Once you have completed Form 941, how can you claim the credit and provide the IRS with the necessary paperwork?

The response is that you must submit a separate Form 941-X or 941-X Tax Refund Form to provide corrections on Form 941.

Those employers who missed out on the Employee Retention Credit (ERC) in the first two quarters of 2021 can still benefit from it by submitting Form 941-X, Adjusted Employer's Quarterly Federal Tax Return, or Claim for Refund. You need to know everything about amending Form 941 to receive an ERC.

What are Form 941 and Form 941-X?

On IRS Form 941, the ERC is claimed by a qualifying employer on the employer's federal employment tax return(s).

Using IRS [Form 941-X](#), employers may retroactively claim the ERC if they discover that they were a qualified employer for a prior quarter and did not claim it for future quarters.

How to Fill Out 941-X for Employee Retention Credit?

You can use the following procedure for filling out the Form 941-X for [claiming ERC](#) for future claims:

1. For each Form 941 that has to be corrected, use a different Form 941-X.

2. To request a reimbursement for the Employee Retention Credit on Form 941-X Line:

- Verify Boxes on Lines 2 in Part 1.
- Verify Boxes on Lines 5d in Part 2.

3. On-Line 18 - Nonrefundable Portion and Line 26 - Refundable Portion, the entire amount of the ERC is shown as a negative number.

- The Nonrefundable Portion and Refundable Portion of the ERC are calculated using [Worksheet 1](#), which has been included on the official website of the IRS.
- The amount used against the Employer's 6.2% portion of Social Security Tax is the [Nonrefundable Portion of the ERC](#) (as computed on Worksheet 1).
- The leftover amount is referred to as the Refundable Portion.
- The whole of the ERC would be entirely refundable. The employer's portion of Social Security tax is paid with the original Form 941.

4. While Filing Form 941-X, one has to fill Line 30, where the qualifying wages for the ERC are submitted. Amounts on Line 31 of File Form 941-X, the Employee Retention Credit's qualified health plan expenses are recorded.

5. To explain the circumstances leading to the over reported numbers, utilize Line 37. (your eligibility for the credit). The following components must be incorporated into your explanations and should go into considerable detail:

- Line(s) on File Form 941-X that are impacted
- The date on which you found the mistake.
- Difference (amount of the math errors).
- The root of the type of error.

Amended 941 Form for Employee Retention Credit

Looking back on the previous two years and the sprinter's pace at which COVID-19 Payroll Tax Credit Relief was approved, payroll accountants deserve a pat on the back.

Although the regulations were frequently complex and substantiation requirements were stringent, the COVID-19 credits were precious and contributed substantially to businesses' financial stability.

But unfortunately, on the earlier 2020–2021 Form 941 payroll tax forms, math errors and credits were overlooked.

Even the most well-funded payroll tax departments struggled to keep up with the law's constant modifications, let alone those to the payroll tax form.

So before it's too late, file [Form 941-X](#) payroll tax return to correct underpayments and get a credit refund claim for overpayments

When employers who underreported payroll tax file an amended Form 941-X or correct form for an interest-free adjustment, they should make the necessary corrections as soon as they are identified and pay the amount owed.

In general, if a math error is discovered, fixed, and paid for before the statute of limitations (SOL) expires and before the deadline for submitting the next payroll tax return for the quarter in which the error is discovered, an interest-free adjustment may be made.

If not, interest will accumulate on underpayments from when Form 941-X is submitted until the IRS receives the payment. This is the procedure for filing Form 941-X.

Learn more about [Employee Retention Credit And Affiliation Rules](#).

Deadline to Amend 941 Form for Employee Retention Credit

A claim for credit or refund of an overpayment of any tax imposed by this title for which a return is required must be filed by the taxpayer within three years from the date the return was filed or two years from the date the tax was paid, whichever is later, or if no return was filed, within two years from the date the tax was paid.

Taxpayers who have overpaid a tax imposed by this title that must be paid with a stamp are permitted to [claim a credit](#) or refund within three years of the date the tax was paid.

The SOL period for filing Form 941-X refund claims is three years from the date the employer filed its first return or two years from the date the tax was paid. (For a reference, see IRC Section 6511).

Therefore, this can be considered the deadline for filing Form 941-X or the Corrections on Form 941.

FAQs Related to Amended 941 Form for Claiming Employee Retention Credit

Can You Amend Form 941 for Employee Retention Credit?

You can amend form 941 for ERC to correct any mistakes you might have made in Form 941. By submitting a Form 941-X, employers that missed out on the ERC in the first two quarters of 2021 can still benefit from the ERC.

How Long Do I Have to Amend 941 for Employee Retention Credit?

Due to the three-year statute of limitations for amending payroll tax returns, an updated return must be filed by July 2023 to be eligible for the Employee Retention Tax Credit for the second quarter of 2020.

This is how much time you have to amend 941 for Employee Retention Credit.

Check out more about [A Comprehensive Guide on Employee Retention Tax Credit Updates](#).

Do You Have to Amend Your Tax Return for Employee Retention Credit?

Your company is affected by the ERC's 2020 amended returns if:

- To acquire the ERC, you submitted a revised Form 941 for the fourth quarter of 2020 in 2021.
- In your 2020 tax filings, you omitted the 2020 [ERC income](#).

For any tax year when wages were withheld and an Employer Retention Credit (ERC) connected to these previously withheld wages was received in a future year, taxpayers must file an updated tax return by IRS Notice 2021-49. So, you will have to amend your tax return to claim ERC.

How Do I Claim Employee Retention Credit on 941 Form?

For the Employee Retention Credit, Eligible Employers must record their total [eligible wages](#) for each calendar quarter on their federal employment tax returns. For this purpose, Form 941 will come in handy.

In addition, on Form 941, employers must also record any pay for qualified family and sick leave for which they are eligible for a credit under the Families First Coronavirus Response Act (FFCRA).

The employer withholds social security and Medicare taxes from employee earnings and reports these deductions and the employer's portion of these taxes on Form 941.

Conclusion and Summary to Amended 941 Form for Claiming Employee Retention Credit

On September 30, 2021, the ERC program came to an end. However, qualified businesses still have up to three years to apply for the credit by submitting an updated payroll tax return. You often need to fill out a form to qualify for such benefits.

To correct the information you haven't provided to Form 941 and submit an ERTC claim, utilize Form 941-X. Then, get the help of a tax advisor to amend Form 941 and get maximum benefits of Employee Retention Credit for your business.



Schedule Your [Employee Retention Credit Consultation](#) to see what amount of employee retention tax credit your company qualifies for.

EMPLOYEE RETENTION TAX CREDIT (ERC / ERTC) HELP: CLAIM UP TO A \$26,000 REFUND PER EMPLOYEE FOR YOUR BUSINESS

Disaster Loan Advisors™ can **assist your business with the complex and confusing** Employee Retention Tax Credit (ERTC) and Employee Retention Credit (ERC) program.

Depending on eligibility, business owners and companies can **receive up to \$26,000 per employee** based on the number of W2 employees you had on the payroll in 2020 and 2021.

The ERC / ERTC Program is a **valuable tax credit you can claim**. This is money you have already paid to the IRS in payroll taxes for your W-2 employees.

Done correctly, **these tax credits or cash refunds can be retroactively claimed for up to 3 years**.

It's encouraged that business owners **obtain professional assistance in going through the complex 941-X amended filing process** to help your company **maximize** the full value of the ERC / ERTC program.



4/15/24 is the Deadline to Amend the 2020 Tax Year.
4/15/25 is the Deadline to Amend the 2021 Tax Year.



Schedule Your [Employee Retention Credit Consultation](#) to see what amount of employee retention tax credit your company qualifies for.

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