

Check Line 12/Schedule B figures before filing second-quarter 941s

If your electronically filed first-quarter Form 941 was rejected by the IRS, you're not alone. According to Mike McGuire, from IRS Modernized e-file, the IRS rejected tens of thousands of first-quarter Form 941s because the amount reported on Schedule B didn't equal the amount on Line 12.

Since second-quarter forms are due at the end of next month, now is a good time to ensure that your Schedule B and Line 12 reporting will match.

Origin of the problem

The IRS renumbered lines on 2017 Form 941 to account for the new payroll tax research credit, which qualified small businesses can take on their 941s. Unfortunately, the renumbering affected the three most critical lines on the form:

- Total Deposits for the Quarter
- Balance Due
- Overpayment.

Here's a comparison chart of the old and new line names and numbers.

2016 Form 941	2017 Form 941
Line 11: 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	Line 11: Qualified small business payroll tax credit for increasing research activities
Line 12: Balance due. If line 10 is more than line 11, enter the difference	Line 12: Total taxes after adjustments and credits. Subtract line 11 from line 10
Line 13: Overpayment. If line 11 is more than line 10, enter the difference	Line 13: 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
Line 14: Completed by monthly depositors	Line 14: Balance due. If line 12 is more than line 13, enter the difference
Line 15: Tell us about your business	Line 15: Overpayment. If line 13 is more than line 12, enter the difference

You should ensure that the amount you will report on Schedule B equals the amount you will report on new Line 12, *not* Line 10, which is the old line number.