



Social Security

Don't Let Your Employees Down

A Guide On How To Correct And Prevent Reporting Errors On Employment Returns

(Forms 941, 943, 944 or Schedule H filed with IRS
and Forms W-3 and W-2 filed with Social Security)

www.socialsecurity.gov

Don't Let Your Employees Down

You reported more employee wages to the Internal Revenue Service (IRS) than you reported to the Social Security Administration (SSA) on your Forms W-2.

As an employer, you are required to report your employees' wage totals to IRS:

- Quarterly on the Form 941 (*Employer's QUARTERLY Federal Tax Return*); or
- Annually on Form 943 (*Employer's Annual Tax Return for Agricultural Employees*); or
- Annually on Form 944 (*Employer's ANNUAL Federal Tax Return*); or
- Annually on a Schedule H (Form 1040) *Household Employment Taxes*.

You must also report individual employee wage data to Social Security annually on Form W-3 (*Transmittal of Wage and Tax Statements*) along with Forms W-2 (*Wage and Tax Statement*), either electronically or on paper. Social Security and IRS compare the wage data reported to each agency and ask employers to resolve any differences in amounts reported.

While most of the employer earnings reports filed yearly with Social Security match what was reported to IRS, some employers report more Federal Insurance Contributions Act (FICA) wages to IRS than to Social Security. FICA wages are wages subject to Social Security and/or Medicare taxes.

Your wage reports submitted to Social Security did not match IRS records for the year shown on the enclosed questionnaire. If the wage amounts you reported to IRS are correct, it means some of your employees' earnings were not credited to their Social Security earnings records. This can affect your employees' eligibility for, or the amount of their Social Security benefits, as well as their Medicare eligibility.

If the amount reported to Social Security is correct, then you may have overpaid FICA taxes. You may claim a refund from IRS by filing Form 941-X (*Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund*), Form 943-X (*Adjusted Employer's Annual Federal Tax Return for Agricultural Employees or Claim for Refund*), Form 944-X (*Adjusted Employer's ANNUAL Federal Tax Return or Claim for Refund*) or an amended Schedule H.

About the enclosed questionnaire

One of two questionnaires is enclosed with this pamphlet:

- A "missing report" questionnaire which is sent to employers for whom IRS has received a employment tax return but Social Security has no corresponding wage report; or
- A "discrepancy" questionnaire, which is sent to employers who reported a

larger Social Security and/or Medicare wage amount to IRS than they reported to Social Security.

If your report is missing

If you received a missing report questionnaire, check your records to see if:

- You used the correct version of Form W-3 and W-2 for the tax year being reported; or, if you filed electronically, that you entered the correct tax year. If not, the wages were probably credited to the wrong tax year. In this event, provide us with a Form W-3c, along with a Form W-2c for each employee showing the correct wage information;
- You still have a paper Copy "A" of the Form(s) W-2, or your electronic report (which may have been returned to you for correction). If so, please send them for processing to the address shown on the questionnaire;
- You showed your correct employer name and/or employer identification number (EIN) on your reports. If the employer name or EIN was omitted or incorrectly shown, explain this on the questionnaire. Be sure to include the correct and incorrect employer name and EIN. This will help us search for

the “missing” report in our records. Send changes to the address shown on the questionnaire.

If any of these errors occurred and you are providing copies of Forms W-2 to correct the records, compare the wage totals on these forms to those wage totals shown on the enclosed questionnaire (totals you reported to IRS). If these amounts are not the same, explain why on the questionnaire and mail it to the address shown on the questionnaire.

If none of the reasons listed above identify the problem, please return a copy of your wage report(s) to us for reprocessing.

If your report is discrepant

If you received a discrepant report questionnaire, check your records to see if you completed any Forms W-2 incorrectly and if any of the following errors were made:

- Void box checked in error (if so, send us a new Copy “A” of Form W-2);
- Amount shown in the Social Security wages, Social Security tips and/or the Medicare wages/tips field for one or more Forms W-2 is incorrect;
- Employer portion of the FICA taxes was incorrectly deducted from or added to the reported FICA wage amount;

- Social Security wage field is incomplete because all Social Security wages, including special payments such as bonuses or awards, are not included;
- Medicare wages/tips entry is less than all the employee's covered wages (there is no maximum taxable limit on Medicare wages for years after 1993).

Prepare Form W-3c and Forms W-2c to correct any errors listed above.

If none of these errors apply

If none of these errors seem to apply, check further to see if any of the following errors were made:

- Household employees were included in your Form 941, 943, 944 or Schedule H totals, but you did not include Copy "A" of Form(s) W-2 for them in your report to Social Security. If so, provide us with these forms;
- The EIN you used to report wages to IRS and Social Security was not the same, or you used more than one EIN during the year and reported different wage amounts to Social Security and IRS under one or more EINs. If you did not report the same wage amount under each EIN to both Social Security and IRS, explain this on the questionnaire and show all EINs used during the tax year;

- Forms W-2 for all your employees were not sent to Social Security. If Copy “A” of Form(s) W-2 was not sent for some employees, return only the missing forms with the questionnaire.
- The Form(s) 941 was completed incorrectly. Examples of errors on Form 941 are:
 - Non-FICA wages (wages not subject to FICA taxes), Individual Retirement Accounts (IRAs) or other non-wage payments were incorrectly shown as FICA wages;
 - Self-employment income amounts were shown as Social Security and Medicare wages (for example, a minister’s salary);
 - Social Security wages over the maximum taxable Social Security limit were reported for one or more employees;
 - Third-party sick pay was improperly reported (see IRS Publication 15-A, *Employers Supplemental Tax Guide*).

If you made any of the errors listed above but the amounts reported to Social Security are correct, explain this on the questionnaire. File a Form 941-X, Form 943-X, Form 944-X or an amended Schedule H with IRS for a refund of overpaid wage taxes.

If none of the errors listed above caused wage reporting differences in IRS and Social Security records, return the questionnaire with duplicate copies of your wage reports for our further investigation.

Completing the questionnaire

Check the appropriate boxes and include any additional information which will help us understand the explanation you checked. The back of the questionnaire can be used for this purpose.

Returning the wage report

Please make sure:

- The tax year preprinted on all Forms W-2 and W-3 you are returning is for the year in question;
- You submit clean, clear copies of Form(s) W-2 showing the name, Social Security number (SSN), EIN, and Social Security wages, Social Security tips and Medicare wage/tip amounts;
- When submitting a wage report electronically, you provide the reason for the electronic submission (for example; Form W-2c corrections, missing Form(s) W-2, previously omitted SSNs, etc.).

How to avoid future errors

Your employees depend on you to accurately report the wages they earn to Social Security. To ensure accuracy, each January or February you should review the previous year's Forms 941, 943, 944 or Schedule H against your payroll records. Compare the sum of the amounts to be reported to Social Security on Copy "A" of Forms W-2 to the sum of the amounts you reported to IRS on Forms 941, 943, 944 or Schedule H for the tax year.

The following total amounts on the IRS and Social Security reports should match:

Item	W-2	941	943	944	Sch. H
	<i>Block</i>	<i>Line</i>	<i>Line</i>	<i>Line</i>	<i>Line</i>
<i>Social Security Wages</i>	3	5a	2	4a	1
<i>Social Security Tips</i>	7	5b	—	4b	—
<i>Medicare Wages/Tips</i>	5	5c	4	4c	3
<i>Federal Income Tax Withheld</i>	2	3	6	2	5

If you file Forms W-2 on paper, include the totals from all the Forms W-2 on Form W-3.

If you file reports electronically, the total of all employee wage (RW) records should agree with the amount entered in the TOTAL (RT) record.

If the amounts shown above on the IRS and Social Security reports do not match, please consult your wage reporting instructions and review your wage reports for the kinds of errors mentioned in this pamphlet.

NOTE: Always keep your wage records for four (4) years to back up your wage and tax reports, should Social Security or IRS have questions about them at a later date.



Social Security Administration

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