

# Instructions for Form 945-A (Rev. December 2025)

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## Instructions for Form 945-A

(Rev. December 2025)

Use with the December 2025 revision of Form 945-A Annual Record of Federal Tax Liability

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### Table of Contents

- [Future Developments](#)
- [Reminders](#)

### General Instructions

- [Purpose of Form 945-A](#)
- [Who Must File?](#)
- [When Must You File?](#)

### Specific Instructions

- [Enter Your Business Information](#)
- [Calendar Year](#)
- [Form 945 Filers](#)
- [Form CT-1 Filers](#)
- [Form 944 Filers](#)
- [Enter Your Tax Liability by Month](#)
- [Adjusting Tax Liability](#)
- [Correcting Previously Reported Tax Liability](#)
- [Semiweekly schedule depositors](#)
- [Monthly schedule depositors](#)
- [Where to file](#)
- [Forms 945-X, CT-1 X, and 944-X](#)
- [Tax increase-Form 945-X, CT-1 X, or 944-X filed timely](#)
- [Tax increase-Form 945-X, CT-1 X, or 944-X filed late](#)
- [Paperwork Reduction Act Notice](#)

Section references are to the Internal Revenue Code unless otherwise noted.

## Future Developments [Return to top](#)

For the latest information about developments related to Form 945-A and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form945A](https://www.irs.gov/Form945A).

## Reminders [Return to top](#)

**The COVID-19 related credit for qualified sick and family leave wages/compensation is limited to leave taken after March 31, 2020, and before October 1, 2021, and may no longer be claimed on Form 944 or Form CT-1.** Effective for tax periods beginning after 2023, the lines used to claim the credit for qualified sick and family leave wages/compensation have been removed from Form 944 and Form CT-1 because it would be extremely rare for an employer to pay wages/compensation after 2023 for qualified sick and family leave taken after March 31, 2020, and before October 1, 2021. Therefore, the instructions on adjusting your tax liability for the nonrefundable portion of this credit have been removed from these instructions. If you're eligible to claim the credit for qualified sick and family leave wages/compensation because you paid the wages/compensation after 2023 for an earlier applicable leave period, file Form 944-X, Adjusted Employer's Annual Federal Tax Return or Claim for Refund; or CT-1 X, Adjusted Employer's Annual Railroad Retirement Tax Return or Claim for Refund, to claim the credit for qualified sick and family leave wages/compensation for the year that you paid the wages/compensation after you file Form 944 or CT-1. See the Instructions for Form 944-X or the Instructions for Form CT-1 X for more information. Also see the December 2023 revision of these instructions for information on adjusting tax liability for the nonrefundable portion of the credit for qualified sick and family leave wages/compensation, which you may need to do when filing Form 944-X or CT-1 X.

**Qualified small business payroll tax credit for increasing research activities (Form 944 only).** For tax years beginning before 2023, a qualified small business may elect to claim up to \$250,000 of its credit for increasing research activities as a payroll tax credit. The Inflation Reduction Act of 2022 (the IRA) increases the election amount to \$500,000 for tax years beginning after 2022. The payroll tax credit election must be made on or before the due date of the originally filed income tax return (including extensions). The portion of the credit used against payroll taxes is allowed in the first calendar quarter beginning after the date that the qualified small business filed its income tax return. The election and determination of the credit amount that will be used against the employer's payroll taxes are made on Form 6765, Credit for Increasing Research Activities. The amount from Form 6765 must then be reported on Form 8974, Qualified Small Business Payroll Tax Credit for Increasing Research Activities.

Starting in the first quarter of 2023, the payroll tax credit is first used to reduce the employer share of social security tax up to \$250,000 per quarter and any remaining credit reduces the employer share of Medicare tax for the quarter. Any remaining credit, after reducing the employer share of social security tax and the employer share of Medicare tax, is then carried forward to the next quarter. Form 8974 is used to determine the amount of the credit that can be used in the current year. The amount from Form 8974, line 12 or, if applicable, line 17, is reported on Form 944, line 8. For more information about the payroll tax credit, see the Instructions for Form 8974 and go to [IRS.gov/ResearchPayrollTC](https://www.irs.gov/ResearchPayrollTC). Also see [Adjusting Tax Liability for the Qualified Small Business Payroll Tax Credit for Increasing Research Activities \(Form 944, Line 8, later\)](#).

**Reporting prior period adjustments.** Prior period adjustments are reported on Form 945-X, Adjusted Annual Return of Withheld Federal Income Tax or Claim for Refund; Form CT-1 X; or Form 944-X and aren't taken into account when figuring the tax liability for the current year.

When you file Form 945-A with your Form 945, CT-1, or 944, don't change your current year tax liability by adjustments reported on any Form 945-X, CT-1 X, or 944-X.

**Amended Form 945-A.** If you have been assessed a failure-to-deposit (FTD) penalty, you may be able to file an amended Form 945-A. See

, later.

## General Instructions [Return to top](#)

### Purpose of Form 945-A [top](#)

Use Form 945-A to report your federal tax liability (based on the dates payments were made or wages were paid) for the following tax returns.

- Forms 945 and 945-X for federal income tax withholding on nonpayroll payments. Nonpayroll withholding includes backup withholding and federal income tax withholding on pensions, annuities, IRAs, Indian gaming profits, gambling winnings, military retirement, certain government payments on which the recipient elected voluntary income tax withholding, and dividends and other distributions by an Alaska Native Corporation on which the recipient elected voluntary income tax withholding.
- Forms CT-1 and CT-1 X for both the employee share and the employer share of Tier 1 and Tier 2 taxes.
- Forms 944 and 944-X for federal income tax withheld plus both the employee share and the employer share of social security and Medicare taxes.

Don't use Form 945-A to show federal tax deposits. The IRS gets deposit data from electronic funds transfers.

**CAUTION!** *The IRS uses Form 945-A to match the tax liability you reported on the returns indicated earlier with your deposits. The IRS also uses Form 945-A to determine if you've deposited your tax liabilities on time. Unless your Form 945-A is properly completed and filed (if applicable) with your tax return, the IRS may propose an "averaged" FTD penalty. See Deposit Penalties in section 11 of Pub. 15, Employer's Tax Guide, for more information.*

### Who Must File? [top](#)

File Form 945-A if you're a semiweekly schedule depositor. Monthly schedule depositors who accumulate \$100,000 or more of tax liability on any day of a calendar month become semiweekly schedule depositors on the next day and remain so for at least the remainder of the year and for the next year, and must also complete and file Form 945-A for the entire year. The \$100,000 tax liability threshold requiring a next-day deposit is determined before you consider any reduction of your liability for nonrefundable credits.

The deposit rules, including the \$100,000 Next-Day Deposit Rule, are explained in section 11 of Pub. 15 and in the instructions for your tax return.

**CAUTION!** *Don't complete Form 945-A if your net tax liability for the return period is less than \$2,500. Don't file this form if you're a monthly schedule depositor unless you accumulated a tax liability of \$100,000 during any month of the year.*

### When Must You File? [top](#)

File Form 945-A with your Form 945, CT-1, or 944 every year when Form 945, CT-1, or 944 is due. See the instructions for these forms for their due dates.

## Specific Instructions [Return to top](#)

# Completing Form 945-A [Return to top](#)

## Enter Your Business Information [top](#)

Carefully enter your employer identification number (EIN) and name at the top of the form. Make sure that they exactly match the name of your business and the EIN that the IRS assigned to your business and also agree with the name and EIN shown on the attached Form 945, 945-X, CT-1, CT-1 X, 944, or 944-X.

## Calendar Year [top](#)

Enter the calendar year of the Form 945, 945-X, CT-1, CT-1 X, 944, or 944-X to which Form 945-A is attached.

## Form 945 Filers [top](#)

Don't complete the Monthly Summary of Federal Tax Liability (Form 945, lines 7a-7m). Be sure to check the "Semiweekly schedule depositors" box above line 7 on Form 945.

## Form CT-1 Filers [top](#)

Don't complete the Monthly Summary of Railroad Retirement Tax Liability (Part II of Form CT-1).

## Form 944 Filers [top](#)

On Form 944, check the box for "Line 9 is \$2,500 or more" on line 13, and leave lines 13a-13m blank.

## Enter Your Tax Liability by Month [top](#)

Enter your tax liabilities in the spaces that correspond to the dates you paid wages/compensation to your employees or made nonpayroll payments, not the date payroll liabilities were accrued or deposits were made. The total tax liability for the year (line M) must equal total taxes on Form 945, line 3; Form CT-1, line 15 (line 19 for tax years 2020 through 2023); or Form 944, line 9. Enter the monthly totals on lines A, B, C, D, E, F, G, H, I, J, K, and L. Enter the total for the year on line M.

For example, if you're a Form 945 filer, and you became liable for a pension distribution on December 31, 2024, but didn't make the distribution until January 6, 2025, you would:

- Go to January on Form 945-A filed with your 2025 return, and
- Enter your tax liability on line 6 because line 6 represents the sixth day of the month.

**Example 1.** Cedar Co., which has a semiweekly deposit schedule, makes periodic payments on gambling winnings on the 15th day of each month. On December 24, 2025, in addition to its periodic payments, it withheld from a payment on gambling winnings under the backup withholding rules. Because Cedar Co. is a semiweekly schedule depositor, it must record these nonpayroll withholding liabilities on Form 945-A. It must report tax liabilities on line 15 for each month and line 24 for December.

Cedar Co. enters the monthly totals on lines A through L. It adds these monthly subtotals and enters the total tax liability for the year on line M. The amount on line M should equal Form 945, line 3.

**Example 2.** Fir Co. is a semiweekly schedule depositor. During January, it withheld federal income tax on pension distributions as follows: \$52,000 on January 6 and \$35,000 on January 20. Because Fir Co. is a semiweekly schedule depositor, it must record its federal income tax withholding liabilities on Form 945-A. It must record \$52,000 on line 6 and \$35,000 on line 20 for January.

**Example 3.** Elm Co. is a new business and monthly schedule depositor for 2025. During January, it withheld federal income tax on nonpayroll payments as follows: \$2,000 on January 6 and \$99,000 on January 20. The deposit rules require that a monthly schedule depositor begin depositing on a semiweekly deposit schedule when a \$100,000 or more tax liability is accumulated on any day within a month (see section 11 of Pub. 15 for details). Because Elm Co. accumulated \$101,000 (\$2,000 + \$99,000) on January 20, 2025, it became a semiweekly schedule depositor on January 21, 2025. Elm Co. must complete Form 945-A and file it with Form 945. It must record \$2,000 on line 6 and \$99,000 on line 20 for January. No entries should be made on Form 945, line 7, even though Elm Co. was a monthly schedule depositor until January 21.

### **Adjusting Tax Liability for the Qualified Small Business Payroll Tax Credit for Increasing Research Activities (Form 944, Line 8). [Return to top](#)**

**TIP.** *The qualified small business payroll tax credit for increasing research activities is available only on Form 944.*

Semiweekly schedule depositors must account for the qualified small business payroll tax credit for increasing research activities claimed on Form 944, line 8, when reporting their tax liabilities on Form 945-A. The total tax liability for the year must equal the amount reported on Form 944, line 9. Failure to account for the qualified small business payroll tax credit for increasing research activities on Form 945-A may cause Form 945-A to report more than the total tax liability reported on Form 944, line 9. Don't reduce your daily tax liability reported on Form 945-A below zero.

Beginning with the first quarter of 2023, the qualified small business payroll tax credit for increasing research activities is first used to reduce the employer share of social security tax (up to \$250,000) for the quarter and any remaining credit is then used to reduce the employer share of Medicare tax for the quarter until it reaches zero. In completing Form 945-A, you take into account the payroll tax credit against the liability for the employer share of social security tax starting with the first payroll payment of the quarter that includes payments of wages subject to social security tax to your employees until you use up to \$250,000 of credit against the employer share of social security tax and you then take into account any remaining payroll tax credit against the liability for the employer share of Medicare tax starting with the first payroll payment of the quarter that includes payments of wages subject to Medicare tax to employees. Consistent with the entries on Form 945-A, the payroll tax credit should be taken into account in making deposits of employment tax. If any payroll tax credit is remaining at the end of the quarter that hasn't been completely used because it exceeds \$250,000 of the employer share of social security tax and the employer share of Medicare tax for the quarter, the excess credit may be carried forward to the succeeding quarter and allowed as a payroll tax credit for the succeeding quarter. The payroll tax credit may not be taken as a credit against income tax withholding, the employee share of social security tax, or the employee share of Medicare tax.

Also, the remaining payroll tax credit may not be carried back and taken as a credit against wages paid from preceding quarters that are reported on the same Form 944 or on Forms 944 for preceding years. If an amount of payroll tax credit is unused at the end of the calendar year because it is in excess of the applicable employer share of social security tax and employer share of Medicare tax on wages paid during the applicable quarters in the calendar year, the remaining payroll tax credit may be carried forward to the first quarter of the succeeding calendar year as a payroll tax credit against the applicable employer share of social security tax and employer share of Medicare tax on wages paid in

that quarter. For more information about the payroll tax credit, go to [IRS.gov/ResearchPayrollITC](https://www.irs.gov/ResearchPayrollITC).

**Example.** Rose Co. is an employer with a calendar tax year that filed its timely 2024 income tax return on April 15, 2025. Rose Co. elected to take the qualified small business payroll tax credit for increasing research activities on Form 6765. The third quarter of 2025 is the first quarter that begins after Rose Co. filed the income tax return making the payroll tax credit election. Therefore, the payroll tax credit applies against Rose Co.'s share of social security tax (up to \$250,000) and Medicare tax on wages paid to employees in the third quarter of 2025. Rose Co. completes Form 945-A by reducing the amount of liability entered for the first payroll payment in the third quarter of 2025 that includes wages subject to social security tax by the lesser of (1) its share of social security tax (up to \$250,000) on the wages, or (2) the available payroll tax credit. If the payroll tax credit elected is more than Rose Co.'s share of social security tax on the first payroll payment of the quarter, the excess payroll tax credit would be carried forward to succeeding payroll payments in the third quarter until it is used against up to \$250,000 of Rose Co.'s share of social security tax for the quarter. If the amount of the payroll tax credit exceeds Rose Co.'s share of social security tax (up to \$250,000) on wages paid to its employees in the third quarter, any remaining credit is used against Rose Co.'s share of Medicare tax on the first payroll payment of the quarter and then the excess payroll tax credit would be carried forward to succeeding payroll payments in the third quarter until it is used against Rose Co.'s share of Medicare tax for the quarter. If Rose Co. still has credit remaining after reducing its share of social security tax (up to \$250,000) and Medicare tax for the third quarter, the remainder would be treated as a payroll tax credit against its share of social security tax (up to \$250,000) and Medicare tax on wages paid in the fourth quarter. If the amount of the payroll tax credit remaining exceeded Rose Co.'s share of social security tax (up to \$250,000) and Medicare tax on wages paid in the fourth quarter, it could be carried forward and treated as a payroll tax credit for the first quarter of 2026.

## Correcting Previously Reported Tax Liability [Return to top](#)

**Semiweekly schedule depositors.** [top](#) If you have been assessed an FTD penalty and you made an error on Form 945-A and the correction won't change the total liability you reported on Form 945-A, you may be able to reduce your penalty by filing an amended Form 945-A.

**Example.** You reported a tax liability of \$3,000 on January 1. However, the liability was actually for March. Prepare an amended Form 945-A showing the \$3,000 liability on March 1. Also, you must enter the liabilities previously reported for the year that didn't change. Write "Amended" at the top of Form 945-A. The IRS will refigure the penalty and notify you of any change in the penalty.

**Monthly schedule depositors.** [top](#) You can file Form 945-A if you have been assessed an FTD penalty and you made an error on the monthly tax liability section of Form 945, CT-1, or 944. When completing Form 945-A for this situation, only enter the monthly totals. The daily entries aren't required.

**Where to file.** [top](#) File your amended Form 945-A, or, for monthly schedule depositors, your original Form 945-A at the address provided in the penalty notice you received. If you're filing an amended Form 945-A, you don't have to submit your original Form 945-A.

## Forms 945-X, CT-1 X, and 944-X [Return to top](#)

You may need to file an amended Form 945-A with Form 945-X, CT-1 X, or 944-X to avoid or reduce an FTD penalty.

**Tax decrease.** [top](#) If you're filing Form 945-X, CT-1 X, or 944-X, you can file an amended Form 945-A with the form if

both of the following apply.

1. You have a tax decrease.
2. You were assessed an FTD penalty.

File your amended Form 945-A with Form 945-X, CT-1 X, or 944-X. The total liability reported on your amended Form 945-A must equal the corrected amount of tax reported on Form 945-X, CT-1 X, or 944-X. If your penalty is decreased, the IRS will include the penalty decrease with your tax decrease.

**Tax increase-Form 945-X, CT-1 X, or 944-X filed timely.** [top](#) If you're filing a timely Form 945-X, CT-1 X, or 944-X showing a tax increase, don't file an amended Form 945-A, unless you were assessed an FTD penalty caused by an incorrect, incomplete, or missing Form 945-A. Don't include the tax increase reported on Form 945-X, CT-1 X, or 944-X on an amended Form 945-A you file.

**Tax increase-Form 945-X, CT-1 X, or 944-X filed late.** [top](#) If you owe tax and are filing late, that is, after the due date of the return for the filing period in which you discovered the error, you must file the form with an amended Form 945-A. Otherwise, the IRS may assess an "averaged" FTD penalty.

The total tax reported on line M of Form 945-A must match the corrected tax (Form 945, line 3; Form 944, line 9; Form CT-1, line 15 (line 19 for tax years 2020 through 2023)), combined with any correction reported on Form 945-X, line 5; Form 944-X, line 22; or Form CT-1 X, line 21, for the year, less any previous abatements and interest-free tax assessments.

**Paperwork Reduction Act Notice.** [top](#) We ask for the information on Form 945-A to carry out the Internal Revenue laws of the United States. You're required to give us the 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 Form 945-A will vary depending on individual circumstances. The estimated burden for employers filing Form 945-A is approved under OMB control number 1545-0029 and is included in the estimates shown in the Instructions for Form 941 and the Instructions for Form 944.

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