

UBA  
Compliance Brief

What every HR leader should know  
about compliance, *at a glance*



## IRS Draft Form 941 Reflects COBRA Subsidy Tax Credit

### 1-Minute Read

June 8, 2021

The IRS recently released a draft of the revised 2021 version of [Form 941](#), Employer's Quarterly Federal Tax Return, in order to, in part, reflect the tax credit in connection with the 100% COBRA subsidy under the American Rescue Plan Act (ARP). The COBRA subsidy is required to be provided to eligible individuals who experience an involuntary termination of employment or reduction in hours and that have not exhausted the maximum COBRA coverage period as of April 1, 2021. The ARP extended to those individuals an opportunity to make a COBRA election during a special election period that began on April 1, 2021, and ends on May 31, 2021. The duration of the COBRA subsidy period is six months, ending on September 30, 2021. Under the ARP, employer are entitled to a 100% tax credit for subsidizing COBRA on behalf of eligible individuals. Form 941 must be used by employers in connection with the payment of quarterly federal income tax, Social Security tax, and Medicare tax withheld from employees' wages, in addition to the employer's portion of Social Security and Medicare.

Lines 11e and 13f of the draft Form 941 requires the employer to enter the nonrefundable and refundable portions of the COBRA premium assistance credit. Line 11f requires the employer to enter the number of persons provided with COBRA premium assistance.

The IRS is accepting comments on the draft Form 941, which may be submitted at [www.IRS.gov/FormsComments](http://www.IRS.gov/FormsComments). Alternatively, comments may be sent to Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. The IRS cautioned that it cannot respond to all of the comments due to the high volume likely to be submitted.

---

This information is general and is provided for educational purposes only. It is not intended to provide legal advice.  
You should not act on this information without consulting legal counsel or other knowledgeable advisors.