

Worksheet 1. Credit for Qualified Sick and Family Leave Wages and the Employee Retention Credit

Keep for Your Records 

Determine how you will complete this worksheet

If you paid both qualified sick and family leave wages and qualified wages for purposes of the employee retention credit this quarter, complete Step 1, Step 2, and Step 3. If you paid qualified sick and family leave wages this quarter but you didn't pay any qualified wages for purposes of the employee retention credit this quarter, complete Step 1 and Step 2. If you paid qualified wages for purposes of the employee retention credit this quarter but you didn't pay any qualified sick and family leave wages this quarter, complete Step 1 and Step 3.

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| Step 1. Determine the employer share of social security tax this quarter after it is reduced by any credit claimed on Form 8974 and any credit to be claimed on Form 5884-C | |
| 1a | Enter the amount of social security tax from Form 941, Part 1, line <u>5a</u> , column 2 1a _____ |
| 1b | Enter the amount of social security tax from Form 941, Part 1, line <u>5b</u> , column 2 1b _____ |
| 1c | Add lines 1a and 1b 1c _____ |
| 1d | Multiply line 1c by 50% (0.50) 1d _____ |
| 1e | If you're a third-party payer of sick pay that isn't an agent and you're claiming credits for amounts paid to your employees, enter the employer share of social security tax included on Form 941, Part 1, line <u>8</u> (enter as a positive number) 1e _____ |
| 1f | Subtract line 1e from line 1d 1f _____ |
| 1g | If you received a Section 3121(g) Notice and Demand during the quarter, enter the amount of the employer share of social security tax from the notice 1g _____ |
| 1h | Employer share of social security tax. Add lines 1f and 1g 1h _____ |
| 1i | Enter the amount from Form 941, Part 1, line <u>11a</u> (credit from Form 8974) 1i _____ |
| 1j | Enter the amount to be claimed on Form 5884-C, line 11, for this quarter 1j _____ |
| 1k | Total nonrefundable credits already used against the employer share of social security tax. Add lines 1i and 1j 1k _____ |
| 1l | Employer share of social security tax remaining. Subtract line 1k from line 1h 1l _____ |
| Step 2. Figure the sick and family leave credit | |
| 2a | Qualified sick leave wages reported on Form 941, Part 1, line <u>5a(i)</u> , column 1 2a _____ |
| 2a(i) | Qualified sick leave wages included on Form 941, Part 1, line 5c, but not included on Form 941, Part 1, line 5a(i), column 1, because the wages reported on that line were limited by the social security wage base 2a(i) _____ |
| 2a(ii) | Total qualified sick leave wages. Add lines 2a and 2a(i) 2a(ii) _____ |
| 2b | Qualified health plan expenses allocable to qualified sick leave wages (Form 941, Part 3, line <u>19</u>) 2b _____ |
| 2c | Employer share of Medicare tax on qualified sick leave wages. Multiply line 2a(ii) by 1.45% (0.0145) 2c _____ |
| 2d | Credit for qualified sick leave wages. Add lines 2a(ii), 2b, and 2c 2d _____ |
| 2e | Qualified family leave wages reported on Form 941, Part 1, line <u>5a(ii)</u> , column 1 2e _____ |
| 2e(i) | Qualified family leave wages included on Form 941, Part 1, line 5c, but not included on Form 941, Part 1, line 5a(ii), column 1, because the wages reported on that line were limited by the social security wage base 2e(i) _____ |
| 2e(ii) | Total qualified family leave wages. Add lines 2e and 2e(i) 2e(ii) _____ |
| 2f | Qualified health plan expenses allocable to qualified family leave wages (Form 941, Part 3, line <u>20</u>) 2f _____ |
| 2g | Employer share of Medicare tax on qualified family leave wages. Multiply line 2e(ii) by 1.45% (0.0145) 2g _____ |
| 2h | Credit for qualified family leave wages. Add lines 2e(ii), 2f, and 2g 2h _____ |
| 2i | Credit for qualified sick and family leave wages. Add lines 2d and 2h 2i _____ |
| 2j | Nonrefundable portion of credit for qualified sick and family leave wages. Enter the smaller of line 1l or line 2i. Enter this amount on Form 941, Part 1, line 11b 2j _____ |
| 2k | Refundable portion of credit for qualified sick and family leave wages. Subtract line 2j from line 2i and enter this amount on Form 941, Part 1, line 13c 2k _____ |
| Step 3. Figure the employee retention credit | |
| 3a | Qualified wages (excluding qualified health plan expenses) for the employee retention credit (Form 941, Part 3, line <u>21</u>) 3a _____ |
| 3b | Qualified health plan expenses allocable to qualified wages for the employee retention credit (Form 941, Part 3, line <u>22</u>) 3b _____ |
| 3c | Qualified wages (excluding qualified health plan expenses) paid March 13, 2020, through March 31, 2020, for the employee retention credit (Form 941, Part 3, line <u>24</u>). Enter an amount here only for the second quarter Form 941 3c _____ |
| 3d | Qualified health plan expenses allocable to qualified wages paid March 13, 2020, through March 31, 2020, for the employee retention credit (Form 941, Part 3, line <u>25</u>). Enter an amount here only for the second quarter Form 941 3d _____ |
| 3e | Add lines 3a, 3b, 3c, and 3d 3e _____ |
| 3f | Retention credit. Multiply line 3e by 50% (0.50) 3f _____ |
| 3g | Enter the amount of the employer share of social security tax from Step 1, line 1l 3g _____ |
| 3h | Enter the amount of the nonrefundable portion of the credit for qualified sick and family leave wages from Step 2, line 2j 3h _____ |
| 3i | Subtract line 3h from line 3g 3i _____ |
| 3j | Nonrefundable portion of employee retention credit. Enter the smaller of line 3f or line 3i. Enter this amount on Form 941, Part 1, line 11c 3j _____ |
| 3k | Refundable portion of employee retention credit. Subtract line 3j from line 3f and enter this amount on Form 941, Part 1, line 13d 3k _____ |

Caution:
Only complete lines 3c and 3d for your second quarter 2020 Form 941.